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CREDIT

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■ JULY, 1931 ■

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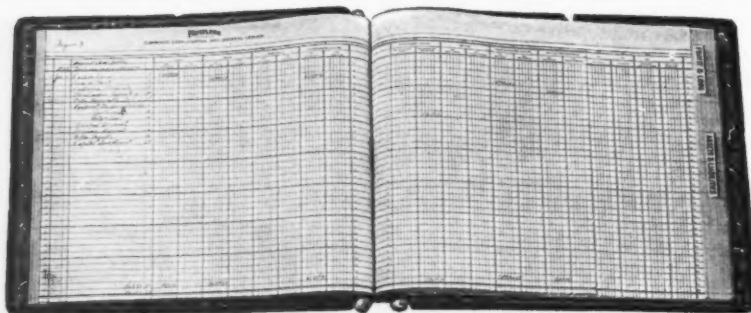
Vol. 33
No. 7



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Faultless Bookkeeping is the ideal accounting system for the small or medium size business because it enables the merchant or manufacturer to know in a few moments his exact financial standing from day to day.



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Faultless Bookkeeping combines all necessary control records in one book. It combines the cash book, the journal, the check register and bank statement and the general ledger with complete expense distribution, giving the most complete and comprehensive record of every transaction in the daily routine of business.

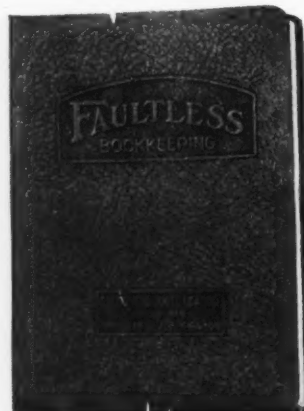
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It is full of illustrations and examples to simplify the keeping of necessary business records.



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It includes complete instructions in the preparation of a profit and loss statement to show the profit or loss from each month's business.

It also shows the proper preparation of a complete financial statement showing the increase or decrease in net worth or capital investment.

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VALUE OF DETERMINING PARS FOR CREDIT CHECKING BY INDUSTRIES

Number 5 Repeated

How soon would golf lose its hold on us, if there were no Pars for each course and no scores kept for competitive comparison?

How many Credit Men actually know the Par for the Credit Course they are playing?

We all realize that Credits will go rapidly forward toward a scientific goal, only when we have accurate means of measuring the degree of hazard involved in checking every line of Industry under all combinations of conditions.

We know that every Credit Man in the United States has the right to expect eventually to have at his disposal indisputable figures showing the exact number of failures in each line for every District sold, as well as the comparison which this percentage shows with that of the total number of concerns and the aggregate volume of business transacted for these Divisions of Industry, by States.

And to complete the objective, Credit Men in the future must know the average losses incurred by the majority of other concerns selling to the same Trades in the same Territories.

Under normal conditions, it would require two years for the Agency to obtain this data, but Credit Men, by taking immediate action, may, within three months, secure these results, which will be of indispensable value to every man checking Credits in this country.

This is the Plan—

We are asking all Credit Men to file with us their Credit Experience for the first six months of 1931 on the form appearing at the foot of this page.

This request is made to all Credit Men passing on Mercantile Credits, whether clients of the R. G. Dun System or not.

When these facts are received, they will be coded and calculated on Impersonal Tabulating Machines, kept in absolute confidence in our Research Department, and will not be available either to any other Department of Our Own Organization or to any one else.

When you have sent in your figures, we shall return to you in a letter, personally addressed to you, as an individual, tabulations showing—

(a) The Average Percentage of Loss incurred in Checking Credits to the Industries in the Territories in which you are interested.

(b) The Total Number of Concerns filing their experience in each line.

(c) The Total Sales of all the Concerns listing their experience in your line.

(d) The Gross Amount lost by bad debt in your Trades during that period by all sellers, and

(e) The Percentage of Loss which that amount represents of the Sales for those Divisions of Industry.

When sending in the form, if you care to, list the names of other Credit Men or other Concerns whose experiences parallel yours and whose record would help us give you a complete picture of the trend of hazard, and the record of the results in Credit Checking in your Industry.

Should you have any suggestion to make that you think will assist to make this Survey more comprehensive or more valuable to the Credit Community, write us to that effect.

Later in the year a proposal will be made to Bank Credit Men to cover their particular problem.

The period covered is the first six months of 1931, and we ask you to furnish these figures, or notify us not later than July 20th, 1931, that figures will be sent in on or before August 1st, so that the results will reach you by August 15th.

Submit answers to the following questions. Additional forms will be sent upon request.

1. Number of Accounts sold—
2. Number of Accounts that failed owing you Money—
3. Your Total Sales for the first six months of 1931—
4. Percentage of loss by bad debt— %
5. Regular Selling Terms—
6. Lines of Trades sold—
7. Territory Sold by States, or by groups of States—
8. Products Sold—
9. Check (V) Price Range—High () Medium () Low ().

Note: Concerns selling varied Products to several Trades should use forms for each Product if Sales and Credit loss Figures are kept on that basis and should submit a consolidated form for the Grand Total.

If Total Figures represent Sales to varied Industries which cannot be segregated, list the principal Trades sold and the Districts in which the greater part of the Product is Distributed.

Name of Concern.....

Individual.....

(Also Typewrite Name)

Address..... City..... State.....

FORM FOR THIS PURPOSE WILL BE SENT UPON REQUEST.



A. D. WHITESIDE, President

National Credit Office, Inc.
2 Park Avenue

NEW YORK CITY

R. G. Dun & Co.
290 Broadway

SPEED... The Secret of Turnover

*... free the EAGLE on the dollar
from the drag of sluggish goods*

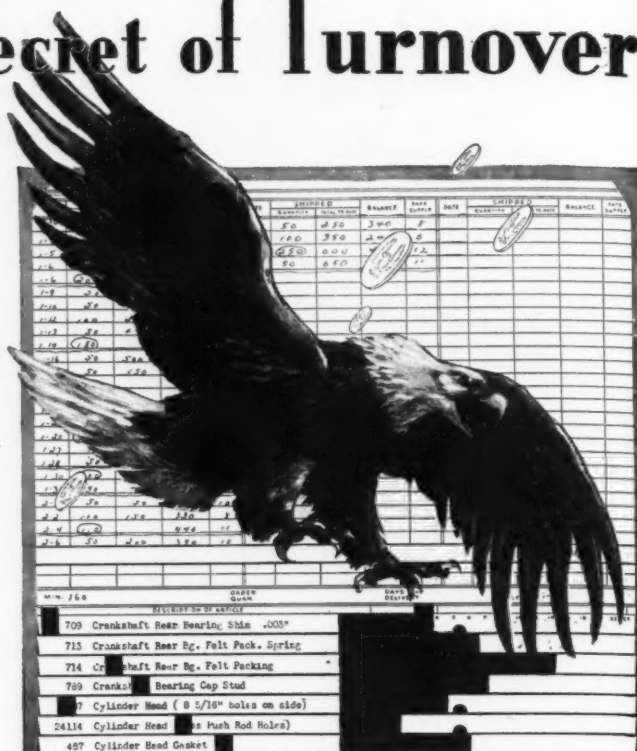
Take a dollar out of the bank. Invest it in wisely selected merchandise. Promptly that merchandise zooms off your shelves into the customers' hands. Back flies your dollar carrying a substantial profit with it.

This is called "turnover". With that same dollar you may have five, eight, ten turnovers a year with as many profits—if you invest it in *wanted* merchandise.

But how slowly your dollar makes this trip when it gets tangled up with sluggish goods. With goods that dawdle on your shelves, age and wither until they have to be sold for a song. More than ever before, it is imperative today that turnover be spurred into a burst of speed.

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Whatever your specific needs, Remington Rand is in a position to recommend and install exactly



the operating record that best answers your problems. And in most cases the installations have paid for themselves the first year.

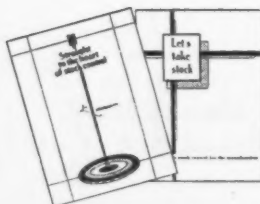
Overstocks mean slow turnover, waste, loss thru inability to buy advantageously. Out-of-stock is just as costly in lost sales, lost prestige, reputation, for slow service.

The application of Kardex Stock Control is completely explained in two booklets, "Let's Take Stock" (for manufacturers) and "Straight to the Heart of Stock Control" (for wholesalers). Send today for the copy that applies to your problem.

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☐ "Straight to the Heart of Stock Control" (Whls.)

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CREDIT

and FINANCIAL MANAGEMENT

Looking Ahead

Two cabinet members, a United States senator and two leaders of American industry appear in the pages of the August issue. Each discusses a subject of vital importance to every thinking business man.

Honorable Frederick H. Payne, Assistant Secretary of War, discusses the mobilization of industry in a national emergency.

Dr. Julius Klein, Assistant Secretary of Commerce, discusses the factors in business recovery.

Honorable Alben W. Barkley, United States Senator from Kentucky, discusses the relationship of government to business.

Elisha Lee, Executive Vice-President of the Pennsylvania Railroad, discusses the transportation situation and business.

Alvan T. Simonds, President of the Simonds Saw & Steel Company, discusses prices and prosperity.

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CHESTER H. McCALL, Editor and Business Manager

S. Raphael Clifford T. Rogers Simpson-Reilly Philip J. Gray F. M. Ferguson
Associate Editor Advertising Manager Pacific Coast Representatives Western Advertising Manager Circulation Manager

CREDIT
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July, 1931

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Vol.
XXXIII
No. 7



CHARACTER CAPACITY CAPITAL

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CHARACTER



Established 1899

102 Maiden Lane, New York

The three great C's of Credit offer sound guideposts to an understanding of risk desirability. If we had complete information on all three elements of a credit risk, the acceptance or declination of a deal would be of the greatest simplicity.

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of such reports and capable of rendering prompt, efficient service throughout the United States and Canada. These reports contain fresh, up-to-the-minute information. Each report is the result of a new series of inquiries concerning the character, ability, occupation, environment and past-performance of the risk. Each report is made "at the scene"; in the community where the risk lives or does business. Be it individual or large corporation, the Inspection Report covers the situation from the ground up.

The nationwide facilities of the Hooper-Holmes Bureau are devoted to the compiling of Moral Hazard Inspection Reports for insurance underwriting, credit, commercial and employment purposes and claim reports.

THE HOOPER-HOLMES BUREAU, Inc.

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manicures and marbles



WHEN a business man, sitting in a barber's chair, places his hand in the manicurist's cup containing soap and water, he generally finds at the bottom of the cup five or six marbles. Or, he may find instead, a half-dozen dice.

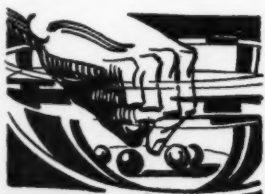
Marbles in the bottom of the manicurist's cup! What is the significance of this peculiar incident? Manicurists have learned that in order to do a good job it is wise to place these marbles in the bottom of the cup so that the business man will have something to busy himself with. He finds relief sitting there fingering the marbles to counteract his nervousness and fidgetiness. If such an outlandish thing were possible, I imagine that a questionnaire answered by all of the marbles being used in manicurists' cups would indicate that ninety-nine out of a hundred business men are so unstrung from high-tensioned activities that they could not sit through a manicure without playing with marbles. How can the executive, who needs marbles to play with when he is having a manicure, expect to bring his most effective and constructive faculties to bear upon the important tasks of his job? Too many business men are slaves to marbles—to the hundred and one petty, irritating incidents that soften their nerves into reactionary sensitiveness. Particularly during times of stress do executives spend so much of their time playing with marbles that they haven't any time to devote to sound constructive thinking, which requires steady nerves and freedom from annoyances.

Marbles symbolize the little things that pull us back from the big things. We get so close to the trying details of every job that we fail to cultivate the habit of getting far enough away from our job to view it in its proper perspective and relationships.

A few days ago, I watched my little boy with both hands full of marbles trying to pick up four or five other marbles that a playmate had allowed to drop in the yard. With his hands already full and a rather insecure grasp on the marbles he was holding, he endeavored to take another marble into each hand. As he opened his fingers to pick up a marble,

four others rolled out. He managed to pick up two of the four that he lost, but when he tried to pick up the third marble, two more dropped from his hand. To me, this was a significant example of an all too prevalent mistake in life and business. So many people try to pick up and take on additional duties, ideas and tasks before they get a firm grasp on what they already have. They do nothing but lose their grasp on those things they are already holding insecurely. If the tasks, duties, ideas and plans that most people are holding were transformed into marbles, this country certainly would have a great and ludicrous marble dropping circus.

This may sound like a sermon in marbles, but it is only a message decrying a basic fault all too common among too many of our people. We lack the thoroughness that is necessary to give us a secure grip on what we are holding before we try to pick up, take on or assimilate something else. We allow a hundred and one petty annoyances and irritations to affect our nervous temperament until we have to play with marbles when we are having a manicure. The old saying that we should plan our work, and work our plan has never been more pertinent than it is today. People either work on something that they have not planned or plan on something and then don't work at it to secure a firm hold before taking on something else. If we should dig deep down beneath the surface, we should probably find that the principles revealed under the heading of "Marbles and Manicures" reveal the little leaks and little mistakes that bring a drought of depression following a flood of prosperity. Meditative planning, of which there is so little done today, would make it unnecessary to have marbles in a manicure cup and if there are dice in the manicure cup instead of marbles, the nervous, strained temperament of business men will keep them from rolling a seven when they should. The man who carries his worries to bed must play marbles during the day. And the man who plays marbles cannot give his best in meeting the major responsibilities of progress and leadership.



Chester H. McCall



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Dr. STEPHEN I. MILLER

an appreciation

by CHESTER H. McCALL

WHEN men speak in whispers it means one of two things. They are saying something they do not want others to hear; or they are whispering as an unconscious emphasis of an inner reverence, admiration and respect. A great whisper is passing through the National Association of Credit Men. Dr. Stephen I. Miller, Executive Manager of the Association for the preceding four years has resigned! His resignation becomes effective September 1, 1931.

When Dr. Miller's resignation was announced at the close of the Boston Convention on June 26, everyone spoke of it in whispers! "Is it really true that he has resigned?" "It can't be that he won't be with us after the first of September." "It makes me heart sick to hear of it." "I still can't believe it." "I've only known him four years but I feel as if I'm losing a life long friend." "He's first on my list as a man and as a manager." "At a time like this I haven't the resourcefulness to be original and I just have to say, 'A man among men'."

Whispers—all of these—whispers of reverence, admiration and respect.

Many of us who have been very close to Dr. Miller couldn't even whisper. We found it very difficult to keep from being sentimental. And as I write this appreciation of the man who has done more for me than any other living man I find it even more difficult to keep from being sentimental. Life can offer me no prouder task than writing this eulogy of my chief. My only regret is that I am not a consummate artist in expressing my feelings and thoughts adequately in words. If only Stevenson, Addison, Tolstoy, Hawthorne and Samuel Johnson could sit with me tonight and lend me the magic assistance of their expressive abilities I feel that I might do justice to him who deserves the greatest of justice.

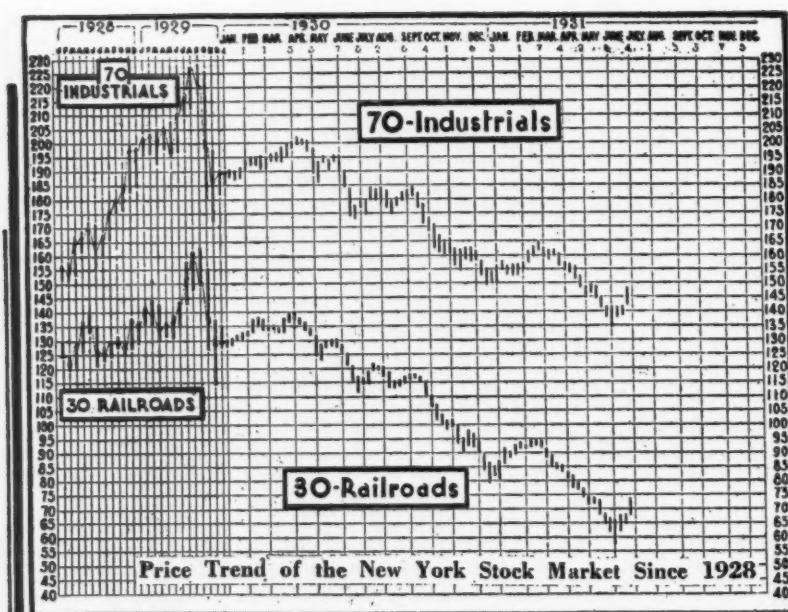
Many who read this have heard Dr. Miller quote the following words: "Upon the plains of endeavor will be found the bones of countless millions who having reached the threshold of success sat down to wait—and waiting died." Our chief leaves us because he has come to the threshold of success in the full stride of his abilities and his accomplishments—the full stride that has carried him across the threshold away from us into a field of greater personal opportunity and reward. And we all know that in the future he will cross still other thresholds with a greater stride and a fuller measure of devotion to his responsibilities and to those with whom he works.

Until he came with the National Association of Credit Men on November 1, 1927, as Executive Manager, Dr. Miller had always been a teacher, an educator. In 1923 he gave up actual teaching in the classrooms of colleges and universities to become Educational Director of the American Bankers As-

(Continued on page 38)



the business



N. Y. Herald Tribune

straws in the wind

blow hot, blow cold—the following straws indicate the strength and direction of the trade winds in recent weeks.

AUTO PRODUCTION: On a daily average basis May production was placed at 338,307 cars by the National Automobile Chamber of Commerce, equal to the preceding month.

BANK CLEARINGS: For the week ending June 27, Bradstreet's finds clearings 18.7 per cent. below the previous week and 34.7 per cent. below the same week of a year ago.

BUILDING CONSTRUCTION: For the first five months of this year, building permit values in 215 cities dropped 16.9 per cent. from the standard of the same period in 1930.

BUSINESS FAILURES: Dun reports for the week ending June 27 reveal 422 failures for the week, a drop of 13.9 per cent. from the number in 1930.

CAR LOADINGS: Revenue freight loadings according to the June 13 weekly report of the American Railway Association were 732,453, which represented a drop of 193,613 from that week in 1930 and 337,217 for the same week in 1929.

COMMODITY PRICES: Figuring 1926 prices as equal to the base 100, May wholesale prices according to the Bureau of Labor Statistics' report, stood at 71.3, two per cent. lower than in April and were considerably below the 89.1 per cent. average of May, 1930. The purchasing price of the 1926 dollar rested at \$1.40.

STEEL PRODUCTION: Activity was even slower than previous low figures revealed in June, the Wall Street Journal index being at 35 per cent. of capacity for the previous week as against 66 per cent. for a year ago.

STOCK MARKET: Accelerated buying and rapid price rise attendant on Hoover Debt Plan with low June level brought up to May average.

WE have been told often enough what a difference a few cents make. Yet, what a difference a few days make! Up to and including Saturday, June 20, the most valid and thoroughgoing after-dinner talk centered around the depression of the past many months. But beginning Sunday, June 21, the switch in topic was most clear-cut and decisive. Now it's the Hoover War Debt Moratorium Plan.

President Hoover's plea for the cancellation of war debt payments was undoubtedly the first real ray of sunshine to come over the depression horizon since the dark and drear days of November 1929. But the gray clouds of the economic recession have not yet rolled past and will not for many weeks to come, although we may soon be seeing sunshine in the valley in which we have been located for a good portion of the present annum. Let us then adjust

our sights and peer about us.

The small charts on these pages trace along the trends of the weeks since the last issue of the "Thermometer." The graph on this page tells a long story in a very limited space. The prices of seventy industrial stocks since 1928 have been averaged and plotted. The same has been done for thirty railroad stocks. The resulting graph is an accurate cross-section of the stock market since 1928. The upturn during the month of June in both the industrial and railroad stocks adds a bright tone to the picture.

A study of the maps of the road along which the economic omnibus has coursed and which roads it must follow now will give us the best idea of our present position. A thorough analysis was recently presented by Dr. Benjamin M. Anderson, Jr., of the Chase National Bank of New York in the New York Times. Whether we agree with his findings or not, it is well to give ear to his views for they are both sincere and trenchant.

The bank's economist declared that readjustment is in process and that progress is being made in the re-equilibration process. "One school of thought, to which I adhere," Dr. Anderson said, "finds the difficulty in a disturbance in the economic equilibrium, and would expect things to right themselves again and business to go on actively and satisfactorily when balance is once more restored."

"The other school of thought finds the causes of the depression in deficiency of purchasing power, and would seek to find the remedies by artificial increases of purchasing power in one way or another."

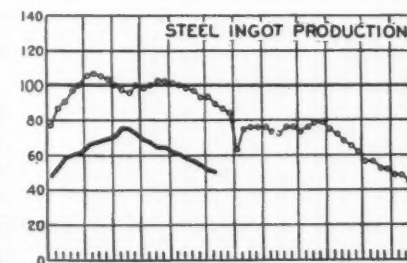
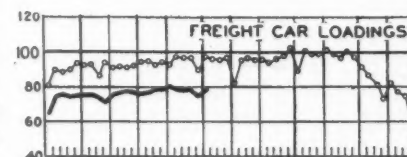
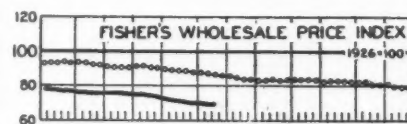
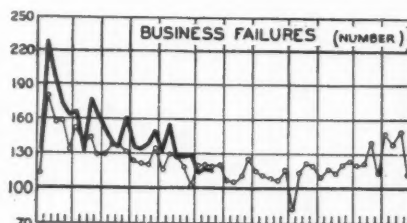
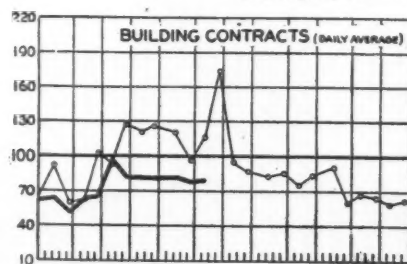
"Adherents of the purchasing power school would be Messrs. Cassel and Keynes in Europe and Messrs. Catchings and Foster in the United States, with many other names to be added as one or another manifestation of the purchasing power doctrine comes to light in special remedies which are proposed. It goes without saying that no one name is to be held responsible for all types of this doctrine."

Among adherents of the "purchasing power school" Dr. Anderson listed

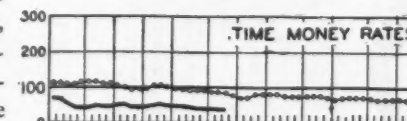
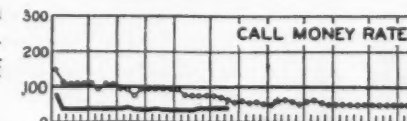
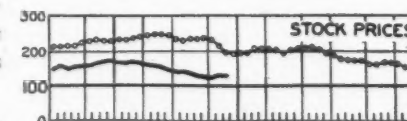
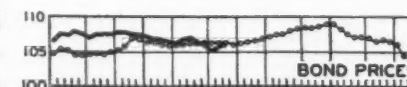
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FINANCIAL INDICES



those who advocate cheap money policies to encourage expansion of credit, those who urge increased expenditures and condemn savings in times of depression, the faction which favors heavy borrowings by government for public works and opposes wage cuts, and those who advocate artificial support of the silver market to increase China's buying power.

"The general picture which the purchasing power school presents is that of production running ahead of buying power," Dr. Anderson continued. "Production is one thing, buying power is another. The two are separate and are governed by separate causes, and the problem for governments and central banks to work out is that of keeping buying power abreast of production, in the view of this school.

"The opposing view maintains that economic life will go on smoothly and satisfactorily when it is well balanced. It does not separate purchasing power and production. It does not look upon production and consumption as two independently controlled factors. It maintains, rather, that purchasing power grows out of production and that ability to consume depends upon the ability to produce.

"Equilibrium in economic life involves several primary elements:

"First—A proper balance among the various types of production, as agriculture, raw materials, manufacturing, transportation.

"Second—A proper balance between the prices of goods and the costs of production, including wages, so that profits are possible, stimulating enterprise to increased activity.

"Third—Proper relation among the prices of different kinds of goods and proper relation among retail prices, wholesale prices, rentals, etc.

"Fourth—Proper balance of exports and imports, taking into account the invisible items in the international balance sheet and including a proper proportion between the flow of goods and the flow of credits in international relations.

"Fifth—A proper balance in the money and capital markets.

"The equilibrium view relies upon

the automatic forces of the market places to restore equilibrium when it has once been broken, rather than looking to governments and to central banks to guide and control the process of re-equilibration.

"It is very skeptical of governmental interferences. In the present situation, it is particularly concerned regarding the high tariffs and other hindrances to the international movements of goods. It wishes the lines of trade to be open.

"In credit matters, the equilibrium doctrine is far more anxious to have a good quality of credit than it is to have a large quantity of credit. It holds that liabilities should be matched by assets, and that outgo should be matched by income.

"The equilibrium doctrine is very distrustful of projects for heavy public borrowing as a means of meeting industrial depression, knowing well that long after the effects of such borrowings have passed, the increased tax burden for interest and amortization on the public debt will remain.

"The equilibrium doctrine looks upon periods of reaction and depression as, properly, periods of liquidation of credit and improvement of the quality of credit, as times for the paying of debts and the restoration of sound credit conditions."

Dr. Anderson said that he did not want to be understood as hostile to all the proposals that he listed as illustrations of the purchasing-power doctrine. The logic of events is with the equilibrium doctrine, he said, although the purchasing-power doctrine is always the popular one.

"The equilibrium doctrine, calling on individuals to work out their own problems and to make their own readjustments and shifts, is a doctrine of hard work," he said.

Readjustment is now in process. Given the security of life and property, given the gold standard, given the enforcement of contracts and given anything like open markets, the people themselves, individually, will finally restore equilibrium and bring back good business. The process is going on and progress is being made.



stepping stone of security

the "Curb" carries the work of the New York Stock Exchange, covered in the June issue, into newer and foreign fields

by WILLIAM S. MULLER
President of the
New York Curb Exchange

IN writing this article it has been suggested that I stress the economic importance of the New York Curb Exchange and wherein its activities differ from those of the New York Stock Exchange. It is worth while to draw a picture of that difference while reviewing even hastily the long evolution through which the Exchange passed before its present eminent position could be obtained.

The New York Curb Exchange does not differ from the New York Stock Exchange in the nature and character of its business. They differ in the field of finance in that the New York Curb Exchange does not deal in any securities traded in on the New York Stock Exchange. Both have their own lists of high class stocks and bonds.

The New York Curb Exchange was organized to fill a very definite need in the evolution of our country and it has risen to its present status as the second largest stock market in America as a result of having met that need efficiently. To say that the Exchange is an important factor in the economy of modern America is inadequate. Rather it should be said that as a development of industry it is an absolute economic necessity. History shows that no nation becomes great without the constructive forces of security markets and it would require

little imagination to picture the stifling effect upon business that a discontinuance of the functioning of present day exchanges would have. Some of us have a rather vivid recollection of the confusion which arose in all directions following a temporary closing and suspension of trading of the exchanges at the outbreak of the World War.

Stock markets, in themselves, are not an invention of the genius of man for the purpose of acquiring wealth. Rather are they an economic outgrowth of industrial and social development. Their province is purely one of service and the New York Curb Exchange is playing a very essential and active part in the great economic expansion of the United States by fostering a necessary distribution of capital to its ultimate destination. For many years it has been, I may say, the rampart or outpost of the financial forces of the country. With the march of science and invention, new industries are constantly springing into being. These industries must be financed and developed to a point where they are so firmly intrenched in the economic structure that they become an integral part of it. It has been the function of the New York Curb Exchange to provide a ready and competently governed market for the securities of a tremendous number of the important corporations of the United States. While many of these have since sought listing on the New York Stock Exchange, many have found the trading facilities of the New York Curb Exchange entirely adequate for their requirements and preferred



their securities to remain on its trading list.

How well the Curb Exchange has met the demands made upon it by the post-war expansion in American industry and finance is shown by the fact that ten years ago when it entered its indoor quarters, it received but slight recognition from the most conservative of the banking interests because of their predisposition towards the high class gilt-edged investment field. Today it enjoys the confidence of practically all the leading banks and trust companies in the East, who now place call loans upon

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by **MATTHEW WOLL**
 Vice President
 American Federation of Labor

IT should be clearly understood at the outset that neither the American Federation of Labor nor any right-thinking people are opposed to or seek to prevent the economic equipment of any country or the increase of its riches and the improvement of the standard of living of its people. Such a country may become a competitor but it likewise will become a better client.

Our intention is not to interfere with the development of the Russian people; but in the present situation the Russian people do not rule. They do not profit in any way by the terrible brutality imposed upon them. A ruthless minority, two per cent. of the population, is taking every advantage of the inconceivable apathy of the people. It is using a strength based upon the most abominable terrorism the world has even seen, spreading only misery, suffering and direct privations.

It is such a Government that the civilized nations are not only supporting but to which they are extending credits with terms they at times refuse to their old and faithful clients.

Soviet Russia is not a normal competitor. All industry, commerce and economic activity is nationalized. Foreign trade is a State monopoly. The nature, the quality, the price of exports, are decided arbitrarily by the State.

It is a well established fact that an appreciation in any market draws from abroad goods attracted by higher selling price. New industries are created which, owing to favorable conditions, can be exploited at a profit. On the other hand, the dissatisfaction of the consumers, hit in their incomes by the increase in price, leads to intervention by the Government.

An entirely different order prevails in Soviet Russia. The Russian people are reduced to the most complete apathy by organized lies, false promises, and a ruthless terrorism. They are forced to suffer the most odious exploitation.

Having absolute control of both human and all material resources of the country, the Russian leaders turn toward other nations, whose help they need, and,

in-the-red Russia

during the last seven years :

Merchandise bought	\$ 2,850,000,000
Merchandise sold	\$ 2,650,000,000
Balance in-the-red	\$ 200,000,000
Gold and Specie exported \$	125,000,000
Indebtedness should be . . \$	75,000,000
Indebtedness is	\$ 400,000,000

"The basic aim is the disruption of the economic life of the capitalistic countries with a view to creating discontent in the labor circles thus promoting world revolution"

Made available by the capitalistic countries to finance propaganda accompanying this attack*
 on, and also financed by, the capitalistic countries \$ 325,000,000



the Soviet Government refuses to feed those of the workers who do not belong

without paying any attention to the cost of their products or to any other element of normal trade. They address themselves to committees divided among themselves by political differences and to private interests, exasperated by the crisis and seeing only their own immediate advantage.

The basic aim of Soviet foreign trade is the disruption of the economic life of the capitalistic countries with a view to creating discontent in the labor circles, thus promoting world revolution. The Official Soviet Five Year Plan does not

even hide this. But the disruption of the economic life of a country inevitably means the disorganization of its credit system. Credit is the foundation of trade. By the disorganization of trade, the entire credit system is disrupted.

During the recent Pan-European conference in Geneva, the Soviet Commissar of Foreign Affairs, Mr. Litvinoff, said:—

"Owing to the special conditions of agriculture of Soviet Russia, as well as its monopoly of foreign trade, we are able to sell agricultural products 70% and even more cheaply than our capitalistic competitors."

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"the credit resulting from the product of convict, forced, underpaid, undernourished labor in Russia, admitted in Russia, presents a ready and constant supply of funds available for Communistic propaganda and revolutionary activities in other lands. Thus the capital of the civilized nations, their skill and ingenuity, are being used in helping build a Frankenstein which, if it continues to develop and grow, will eventually crush the existing order."

Under special conditions of Soviet agriculture is meant:

1. The latest but not the last of the innumerable confiscations of the inventory and live-stock of the peasants, executed this time under the guise of the "Agrarian Revolution."

2. The prosecution of the thrifty peasants (Kulaks) and their exile to concentration and convict camps in Siberia and the Far North.

3. The introduction of a compulsory system of collectivization in the villages, and the indenture of workers who are not permitted to leave the place of their employment voluntarily.

4. Refusal of the Soviet government to feed those of the workers and peasants who do not belong to the so-called "shock brigades."

The meaning of Mr. Litvinoff's statement that the Soviet government allegedly produces agricultural products 70% cheaper than their cost price in foreign countries is that it therefore has the possibility of selling its commodities 70% below the cost price of its competitors.

As if wishing to assert this intention of the Soviet government, Mr. Litvinoff, during the self-same conference, ascertained that the wheat prices on the London exchange during 1929-30 went down only 48% which in reality means that the price went down since the beginning of Soviet exports. His statement was evidently made as a threat to show what the possibilities and special conditions of the Soviet government might do to the world market.

The intercourse between the United States and Soviet Russia is not only as countries engaged in mutual trade, but chiefly as countries supplying the same markets with identical products, such as grain, oil, furs, etc.

Underselling these products in Europe and still being able to reduce the prices, Soviet Russia by such acts intentionally injures the welfare of millions of United States farmers, increases unem-

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control

a concrete and practical platform which would retain the salutary influence of the Sherman-Clayton Acts yet clear the way for essential constructive cooperation



by JAMES A. EMERY
General Counsel,
National Association
of Manufacturers

the very necessary 'anti-trust dragon' set up to guard the 'people's rights' has developed two unexpected heads: uncertainty and necessary discrimination . . . both sinister menaces to honest collaboration

THE times are out of joint. Thoughtful men throughout the civilized world, individually and collectively, are analyzing the causes and seeking remedies for the existing depression, the means of alleviating its effects and relieving its victims. It is agreed that the condition arises from a lost balance between production and consumption. But between that all-embracing diagnosis and recovery lies a slow process of skilful medication. We lack neither physicians nor prescriptions for our disordered economic body. No miracle can be performed by committees, conferences or parliaments. There are no pink pills for pale plants or overnight restoratives for emaciated industries. The serious symptom of distressing unemployment demanding relief, is not likely to be cured by excessive bleeding but is to be ameliorated and overcome by the restoration of business health.

The function of the credit executive is among the most delicate and important of our business tasks. As an expert in credit, the credit executive is not engaged in commerce but in a service indispensable to its successful conduct. He deals with a privilege, not a commodity. He assembles and distributes accurate information respecting the character and standing of individual applicants for credit. In his hands is reputation, that life which men live in the minds of others. For modern commerce is founded on faith, and he is the sustaining force against its betrayal. Without intimate and efficient cooperation his function cannot be successfully performed. Any doubt which may arise respecting essential cooperation for safeguarding credit transactions should, in the public interest, be clarified. Nothing could more thoroughly demoralize business in a time like this than inefficient assembly of credit information. There must always be individual competition in granting credit, but public

and private interest require that personal action should be guided by prudence and enlightened by cooperative information and recognized standards of safety.

Representative by necessity of every form of enterprise, the credit executive is a student of that commerce of which his service is an indispensable instrument. He recognizes the necessity of continuous and efficient cooperation. He knows it to be necessary, not only in his organization but throughout the business world. We live in a collective, interdependent cooperative society which can neither maintain its existence nor repair disorders without cooperation among its parts. Combination in every form is the natural and effective expression of that conviction. In the field of business, as in all other human activities, the power of organization may be used or abused. Society, in self-defense, seeks to obtain its benefits and control its dangers. We live by the production and sale of services or commodities. To preserve rational competition for the benefit of the public and protect the freedom of trade and the trader is a pri-

federal control



mary obligation of government. Our business boundaries acknowledge no geographic limitations. With the miraculous development of intercourse and communication, national and international commerce looked to national authority for regulation, protection and direction. The Federal Government became, by law and necessity, the overlord of the nation's business. It is its right and duty to keep clear the pathways of trade and remove from them every obstruction, physical or economic, whether mobs, monopolies or sandbanks.

Fifty years ago, the States alone regulated in various and conflicting ways our rapidly developing business combinations. In 1890, the Federal Government enacted the Sherman Act and began, for the first time, the policing of national commerce. That statute was not an experiment but the application to the Federal jurisdiction of common law principles developed in the trade life of our British forebears. It stated a general social policy for the protection of producers not less than consumers, of individual traders not less than the public, against injurious combinations in interstate commerce. It left of necessity in the courts a broad authority to apply the declared principles, with the aid of

reason, to the actual conditions presented in each case brought to its attention. In the light of the purpose and effect of the combination presented, the law was simple; the subject matter to which it was applied, complex. The result was a slow and often uncertain blazing of the business pathway.

Constant political agitation and a steadily developing tendency toward more detailed control of business operation, both local and national, did not contribute to aid the deliberate process of judicial interpretation. The forms and methods of business are never static in a dynamic world. The growth of intense and bitter competition, national and international, the rapid development of great industries within our national resources, presented constantly more serious problems in cooperation, if demoralizing over-production was not to be over-stimulated.

In the meantime, a great body of supplementary Federal legislation has modified and even repealed the application of the Sherman Act to a large volume of particular forms of business, and, in some fields, withdrawn the severer pen-

alties of the original law from selected activities. Now, as we struggle with the problems of adjustment presented in this critical hour, the business Gulliver is enmeshed in a thousand Liliputian threads of national regulation. It does not represent a uniform development of public policy in the field of commercial regulation. It does not apply like standards to all restraints on business competition. It does not apply equally drastic penalties to the same conduct in different industries. Above all, we have no reliable means short of prolonged litigation to determine the attitude of Government toward any proposed business contract, combination or consolidation affecting interstate commerce in a business crisis that calls as never before for traffic advice on the highways of the law, when the direction and speed of business movement is of critical importance to the people of the United States.

If our national policy of business regulation is developing these defects, does it not deserve reexamination and correction? The Attorney General,

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silver:

the lining or the



■ the gold:silver ratio has fallen from 16:1 to 70:1

■ the savings of one half the people of the world consist of silver

■ has the depreciation of silver brought down on the economic horizon the clouds of depression or is silver the lining of the clouds . . . the solution of our problem?



by S. RAPHAEL
Associate Editor
Credit and Financial Management

THE fall in silver prices has been a subject of discussion in newspapers and magazines for the past six months. Silver has been falling in price continuously since 1926 but its decline has been most precipitous during the last sixteen or eighteen months when it has hit levels lower than ever before in monetary history. The low of 25¾ cents an ounce on February 16 made a new record in silver history. Since May, there has been a great deal of agitation for an International Silver Conference to be called by the United States or an Asiatic power like Japan, but this movement has gradually died

down, since no country has taken the initiative in calling such a conference. There are various political factors which would minimize the effectiveness of such a conference. For example, Great Britain would probably not attend because of the delicate situation in India.

Just at present, when there is a temporary lull in the situation and the general uptrend in prices has been reflected in the price of silver, it is well to review the whole problem, note who are affected by the fall in silver prices and to what degree; what reasons are assigned for the fall and what remedies have been suggested.

Silver, like gold, must be studied from two points of view, for silver is both a commodity and a medium of exchange.

Therefore, two different groups are affected by the fluctuations in silver prices: the producers of silver and those who use it as a medium of exchange. Only one country in the civilized world today is on a silver standard but that country happens to be China, which represents one-fifth of the world's population. The Chinese, buying in his home market gets as much value for his silver money as before the fall in the price of silver, but when he engages in foreign trade, he finds himself at a great disadvantage. Foreign trade must be carried on in gold and when he exchanges his silver for gold, he finds that the old-time gold-silver ratio of 16 to 1 has fallen to 70 to 1. What is the resultant effect upon those who want to sell their products to China? They can sell only a small percentage of the goods which this enormous section of the world's population could normally absorb.

India, though on a gold standard since 1926, also reflects the crisis in silver from the consumer's standpoint. The inhabitants of India have an ingrained love of silver; it represents wealth to them. They adorn their women with it or hoard it away. At the present time, India holds two-thirds of the world's silver supply. Result: as the price of silver declines, so the holdings of millions of Indians decrease in value.

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little, averaging about 250,000,000 ounces yearly. Figures recently issued by the American Bureau of Metal Statistics show that world production of silver totaled 20.3 per cent. less in the first quarter of 1931 than in the corresponding quarter of 1930. Moreover, American production for the month of April, 1931, was 38 per cent. less than for the corresponding month in 1930 and 43 per cent. under the average monthly rate for 1929.

Economists feel that the direct cause of the decline in silver prices since 1926 was the demonetization of silver as a medium of exchange in India in that year. In 1926, Great Britain ordered India to adopt a gold bullion standard in place of the previous gold exchange standard and to dispose of in the open market the excess stocks of silver held in the Indian treasury. At that time the price of silver was 65 cents an ounce.

The actual sales of silver by the Indian government since 1926 have been comparatively small. It is the psychological effect of the proposed sale which has been bad. The world market for silver has known for five years that more than 400,000,000 ounces of Indian government silver have been hanging over the market and this has had a depressing effect on prices.

Recent demonetization of silver by other countries has also had a bad effect on the price of silver. In 1930, France dumped 22,000,000 ounces of silver on the market and Indo-China in the same year threw overboard 20,000,000 ounces. Great Britain, Germany, Austria, Holland, Italy, Mexico and other countries have also debased their silver coinage since the war, throwing great quantities of the metal on the market.

There are two camps of economic thought at the moment about the silver question. In one camp there is great excitement and mental activity. This group feels that silver is the root of the world depression and that active and drastic measures must be taken immediately to remedy the situation. The opposing group scouts the idea that silver is the cause of the depression and insists that it is rather one of the results. The attitude of this group is one of economic Fabianism, of laissez-faire.

Representative of the first group mentioned is Senator William H. King of Utah who has declared that "the world depression is in part due to the debasement of silver and the determina-

tion to make gold the only measure of value, and the base upon which would be constructed the edifice of world business and credits. The savings of one-half of the peoples of the world consist of silver. This effort to destroy silver as money has robbed the people of the Orient of the greater part of the value of long years of savings. The purchasing power of a billion of people in the Orient has been reduced almost to the vanishing point.

"India and China, if the value of silver measured by gold had not been almost destroyed, would have been purchasing billions of dollars' worth of commodities from the United States and European nations. Their standard of living would have been advanced and their purchases of products from the United States and Occidental nations would have annually materially increased. India would have been buying cotton goods from Great Britain and Great Britain would have been purchasing larger quantities of cotton from the United States.

"The cotton growers of the Southern States have lost billions of dollars in the decline of cotton and in the reduced purchases of cotton by English manufacturers. With silver reduced to 24 cents an ounce, China's purchasing power has been reduced more than three-fourths."

Some of the constructive measures put forward by this group to restore silver's equilibrium are the following:

Agreement by the silver-producing countries, principally the United States, Canada and Mexico, to limit production; agreement by nations having silver in their treasury vaults to withhold sale of it until silver has risen to a certain price level (this is the plan sponsored by Francis H. Brownell, Chairman of the American Smelting & Refining Company); a proposal that Great Britain and France, to a lesser extent, cease selling silver from the treasuries of India and French Indo-China so long as this practice seriously depresses the silver market; study of ways and means to promote the use of silver in the arts since it has comparatively little use today except for monetary and luxury purposes; a proposal for the return to silver for small coinage instead of paper, bronze and alloys as used by France and other European countries since the World War.

Another suggested solution is the sale
(Continued on page 48)

the cloud?

What is the story from the producers' angle? This is no new story in the United States, which is the second largest producer of silver in the world. Every time the price of silver falls, the sad wail of the silver producers is heard in this country. Since 1876, a series of laws for the benefit of silver producers has been passed: the Bland Allison Act, the Sherman Act and the Pittman Act, and today it is from the silver states of the West that the agitation for an International Silver Conference is coming, led by Senator Key Pittman of Nevada who is now in China making an official investigation of the situation in that country. Senator Pittman recently predicted a silver parley in the fall as a certainty.

What are the factors behind silver's rapid decline since 1926? Several major causes are assigned for this decline. One of them is over-production, or rather the impossibility of controlling the output of silver for silver production is mainly a by-product of gold, copper, lead and zinc mining. The silver-bearing ores which yield 91 per cent. of the world's supply of silver also yield 85 per cent. of the world's gold, 66 per cent. of the world's copper, 69 per cent. of the world's lead and 46 per cent. of the world's zinc. Thus, if we are to have gold, copper, lead and zinc, we must take the silver which goes along with them. The actual production of silver in recent years has varied very

N. A. C. M. elects



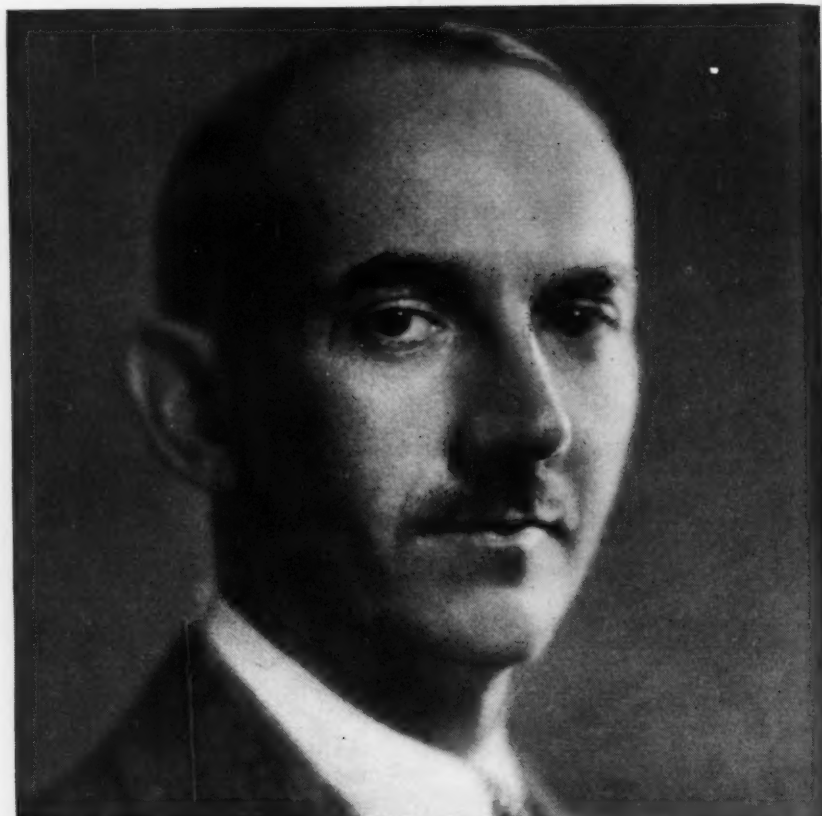
E. D. ROSS, Vice President



F. S. HUGHES, Vice President



I. B. DAVIES, Vice President



HENRY H. HEIMANN, President

Mr. Henry H. Heimann, newly elected President of the National Association of Credit Men, was born in southern Illinois, September 26th, 1891. After completing his grammar school and high school education he attended St. Mary's College, St. Marys, Kansas, where he pursued a liberal arts course for two years. He was next a student at St. Louis University where he studied business administration, accounting and economics for two years. He then switched to law, and was graduated from the St. Louis University Law School with the degree of LL.B. Later he was admitted to the bar.

Mr. Heimann states that it was never his intention to become a lawyer, but that he early conceived the idea that a full-rounded training in law, accounting, economics and business administration was necessary for a successful career in business.

After his admittance to the bar, Mr. Heimann spent one year as a public accountant, giving up this work to become auditor for the Kawneer Co. and its subsidiaries. Mr. Heimann today occupies the unique position as vice-president in charge of sales, credit and finance. He is also a director of numerous other enterprises.

Mr. Heimann's sterling contributions as a member of the South Bend Association of Credit Men brought him into the presidency of this organization. He was then a director of the National Association of Credit Men for two years, and has just completed two years' service as a vice-president of the N. A. C. M.

When Mr. Heimann attended his first district political convention he was named a delegate to the Democratic National Convention at Houston, Texas. At the first State convention he ever attended he was named State chairman, which position he held just long enough to liquidate the debts resulting from the Smith campaign. Just after completing this difficult job he was tendered the democratic nomination for the Governor of the State of Michigan which he refused because he did not wish to enter active politics.

For many years Mr. Heimann has been recognized as one of the nation's leading exponents of the significance and importance of credit as the great underlying factor in modern life and business. He is an ardent believer in the fact that civilization advances only as fast as credit technique and development advance. These principles and ideas for which Mr. Heimann stands presage one of the most outstanding administrations the National Association of Credit Men has ever had.

(Continued on page 48)

WILLIAM FRASER, President of the N. A. C. M. for the fiscal year 1930-1931, should have an enduring pride in the fact that the Boston Convention goes down in Association annals as perhaps the outstanding convention in N. A. C. M. history. Mr. Fraser, serving as president during a sustained period of business uncertainty, climaxed his year's efforts by presiding in masterly fashion over the Thirty-Sixth Annual Convention held in Boston from June 22 to June 27 inclusive. The Boston convention was one of those rare affairs, one of those events really worth writing home about. And lots of folks did, news correspondents included. In fact they did it so thoroughly that Professor Robert E. Rogers writing his daily column in the *Boston American* said "America has become so accustomed to great National Conferences, covering the entire country, representing hundreds of thousands of people and hundreds of millions of dollars, that the newspapers hardly bother any more to report them adequately. Last week two great conferences took place in New England and it was interesting to see how differently they fared in getting their story over to the people. The Credit Men's Association was well reported in the big city newspapers both in New England and elsewhere, but the annual meeting of the American Library Association at New Haven went almost without comment."

The Boston meeting was everything that a good Convention should be, its business sessions, entertainment, group sessions, and other inter-related Convention activities were perfectly balanced. Although the Convention was not so well attended as former Conventions have been, the business sessions drew larger audiences than any business sessions for many years. Mr. Koelsch of New York, Mr. McComas of Los Angeles, Mr. Burnett of Newark, Mr. Baden of Baltimore, and many others of the old timers in the Association told me that without doubt Boston was the outstanding Convention in all their years with the Association. But a convention is not run automatically. It takes men and women to plan and put into effect all the details and therein the past convention was fortunate. W. S. Swingle, Convention Director, established a convention record that will probably stand unbeaten for many years. He merits all of the congratulations that were heaped upon him during, and at the conclusion of the convention.

Credit Men Open Big Convention in Boston



Fill the steins for dear old Maine, if you wish, but ours is filled for Osbon Bullen, the chairman of the Entertainment Committee, who put across an entertainment program so diversified, so thoroughly absorbing in interest and so smoothly functioning that after the convention was over one national officer suggested that a marble bust of Bullen be placed in the Boston Association's headquarters with the slogan from Shakespeare—"Nature may well stand up and say,

Here is a man!"

Fill 'em up again! We won't forget for a long time the efforts of Vice President Hughes, Secretary Joseph Paul and Committee Chairmen Walter E. Richards, reception; R. H. Hitchcock, registration; Mrs. Ralph B. Jones, hostesses; Charles A. Colton, program and speak-

ers; E. L. Harris, information; W. H. Eckert, hotels; Martin A. Campbell, publicity; H. L. Hazen, halls and decorations; James L. Barney, automobile and transportation; and D. A. Tobey, bankers' groups.

It was the basic and guiding purpose of the men behind the N. A. C. M. Convention to provide the kind of a program that would really point a way to greater accomplishments in the field of credit and finance. Headline speakers were not selected unless they could bring to the Convention a subject of bed rock, practical importance to every attending delegate. The next two issues of *CREDIT AND FINANCIAL MANAGEMENT* will carry the high lights of the Boston Convention so that every member will have an opportunity to profit by the N. A. C. M. deliberations.

On Monday afternoon at the opening session, greetings were brought to the Convention by Honorable Joseph P. Ely, Governor of Massachusetts; Honorable James M. Curley, Mayor, City of Boston; and Ralph S. Jones, President, Boston Credit Men's Association. Mayor Curley struck a note of special significance in his talk when he stated that "no man, but one who is seeking office, could disapprove of the moratorium plan of our President for cancellation of international debts for a period of one year." The moratorium plan was in the forefront of discussions throughout the Convention and almost every speaker covered President Hoover's stroke of international statesmanship.

Mr. George DeCamp, Chairman of the Board, Federal Reserve Bank, Cleveland, gave the opening session another high light when he presented a particularly fitting response to the greetings of Mayor Curley and Governor Ely.

At 3:30 P. M. on Monday, Reverend J. Whitcomb Brougher, Pastor, Tremont Baptist Temple, gave an inspirational address entitled "Keys and Keyholes." Dr. Brougher's address was a perfect blending of seriousness, humor and sincerity and the relationship of this trinity to the philosophy of life and living.

Dr. Miller closed the opening session with his Convention keynote address entitled "The New Frontiers of Credit." Dr. Miller particularly played business and trade prophets who have caused the country so much trouble during the past three years. The red thread of his keynote address concentrated upon the Credit Congress of Industry idea and the concentration of credit activities in the group organizations that provide more individualization within industries.

On Monday night the President's reception was held in the Grand Ball Room of the Hotel Statler. The music and the entertainment provided were particularly good. The writer of this article, along with a great many other Convention delegates, found only one disconcerting element in the President's reception. On several occasions we all thought we were talking to President William Fraser, but were startled to learn later that we were discoursing with his twin brother, John. Their close resemblance is remarkable.

At the Tuesday morning session, Mr. Ernest I. Kilcup, Secretary and Acting Treasurer of the Davol Rubber Company, Providence, addressed the general session on "Achievements." Mr. Kilcup gave a resume of association activities during the past year and related the Association's present and future activities

THE WHITE HOUSE
WASHINGTON

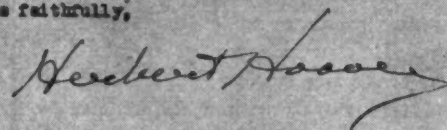
June 19, 1931

My dear Mr. Fraser:

On the occasion of the Thirty-sixth Annual Convention of the National Association of Credit Men, to be held in Boston, June 22nd to 26th, I should like to extend through you to the officers and delegates, my greetings and most cordial good wishes.

The services rendered constantly by this organization play an important part in maintaining and improving the credit structure of this country, and in promoting a high standard of credit efficiency. I have been particularly interested in the very useful activities of the Association in cooperation with the Department of Commerce in the nation-wide wholesale credit survey, and with the Department of Justice in the nation-wide bankruptcy investigation. Sound and safeguarded credit practices are essential to the conduct of modern business, and the National Association of Credit Men renders a valuable service, both in relation to the functioning of the credit system, and in promoting high ethical standards.

Yours faithfully,



Mr. William Fraser,
President, National Association of Credit Men,
261 Fifth Avenue,
New York, N. Y.

from the President of the United States to the President of the N. A. C. M.

to the present and future status of business. Mr. Kilcup deserved a real vote of thanks for the masterly way in which he presented the Association's program.

Mr. William S. Muller, President of the New York Curb Exchange, New York City, was the next speaker on the Tuesday morning program. His subject was "The Evolution of the New York Curb Exchange."

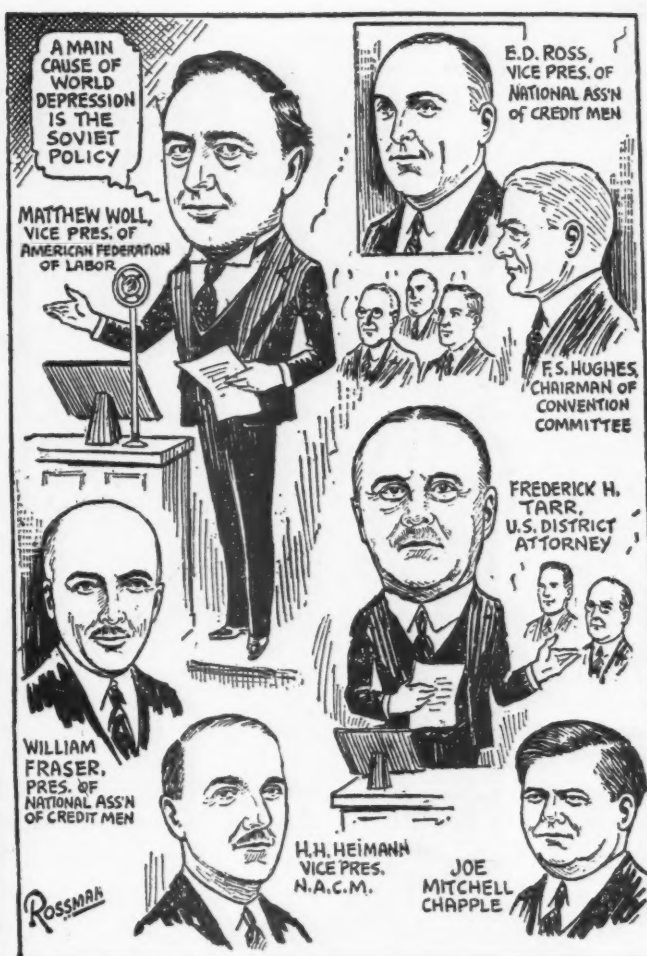
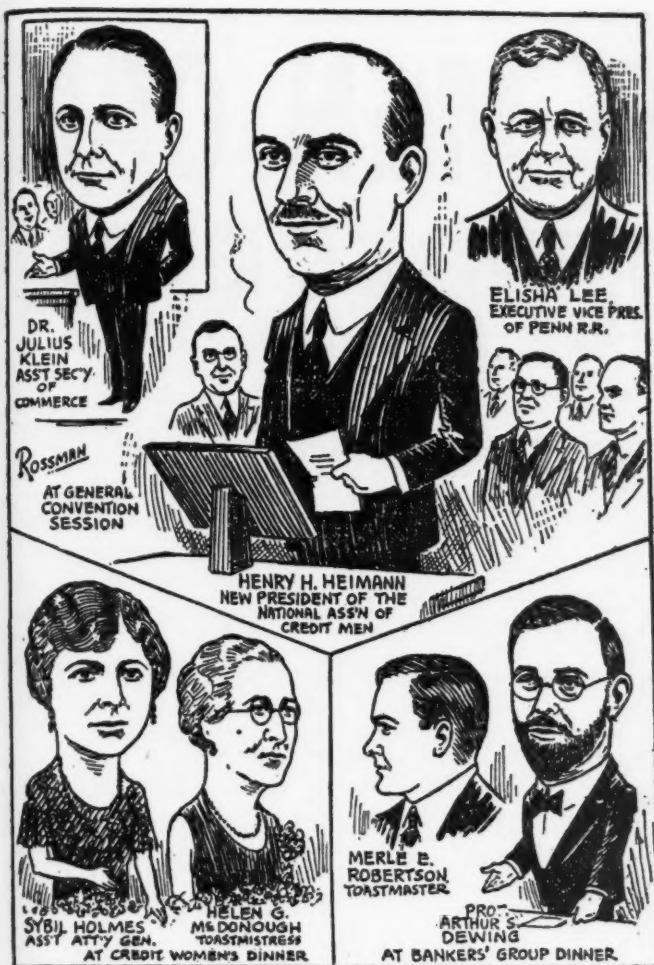
Honorable William Clark, Judge of the United States District Court, District of New Jersey, followed Mr. Muller and spoke on "Preventing Voluntary Asset Slaughter." Judge Clark however, with his usual frankness and audacity, took advantage of the opportunity of having a stock broker on the platform with him and proceeded to tell the audience what he thought of stock brokers, both good and bad.

Tuesday at 12:30, the Foreign Trade Luncheon was addressed by Mr. Samuel D. Post, Vice-President of the Guar-

anty Trust Company of New York, who spoke on "Current Problems of Foreign Exchange." Mr. P. M. Haight, Secretary-Treasurer of the International General Electric Company of New York, and Chairman of the Foreign Trade Luncheon, advised the writer that the Foreign Trade session was particularly well attended and that it was a enjoyable and productive get-together.

On Tuesday afternoon the General Bankruptcy Session was held with Mr. F. B. McComas of the McComas Dry Goods Company, Los Angeles, California, as Chairman. W. Randolph Montgomery, General Counsel of the National Association of Credit Men gave a brief report on the Association's National Bankruptcy Committee activities. Mr. Lloyd Garrison, Special Assistant to the Attorney General, reported on the Government's Bankruptcy Investigation.

Orville Livingston, Secretary-Manager of the St. Louis Association of Credit



two of the many press comments

Men spoke on "Current Bankruptcy Problems and What Can We Suggest as a Remedy?" Many of the controversial points of the bankruptcy situation were settled at this meeting.

On Tuesday evening the Western Division of the N. A. C. M. presented a Business Service playlet entitled "A Case for Business Service." The Grand Ball Room of the Hotel Statler was completely filled and the audience enjoyed this amusing and practical presentation.

The Wednesday morning session brought the first unhappy incident to the Association's program. Honorable Alben W. Barkley, United States Senator from Kentucky, while enroute to address the Wednesday morning's session on "Whose Business is Business?" met with a severe accident. He fractured his knee and his wrist and was badly bruised and shaken up. It was fortunate, however, that at the last minute we were able to secure Joe Mitchell Chapple as a pinch-hitter. Mr. Chapple spoke on "Confessions of an Optimist" and the audience applauded so much that he had to stand up and speak a few minutes longer.



The first address of the Wednesday morning session was given by Honorable Frederick H. Tarr, United States District Attorney of Boston, who spoke on "The Law's Delays and the Responsibility of Business Men."

Mr. Edward Manahan of Manahan, Incorporated, Boston, brought to the N. A. C. M. Convention the greetings of the Retail Credit Men's Association and laid down a constructive and far-reaching program for future coopera-

a letter received through the regular mail and delivered without difficulty or delay

tion between the two associations.

Mr. Matthew Woll, Vice President of the American Federation of Labor, next spoke on "The Effect of Soviet Competition on American Credit Stability." The dynamic, vigorous and colorful Mr. Woll literally picked the audience up and set it down. He made a scathing
(Continued on page 48)

CREDIT MEN CAN END DEPRESSION

NOTED FINANCIER FLINGS DOWN GAUNTLET
BEFORE ENTIRE ASSOCIATION

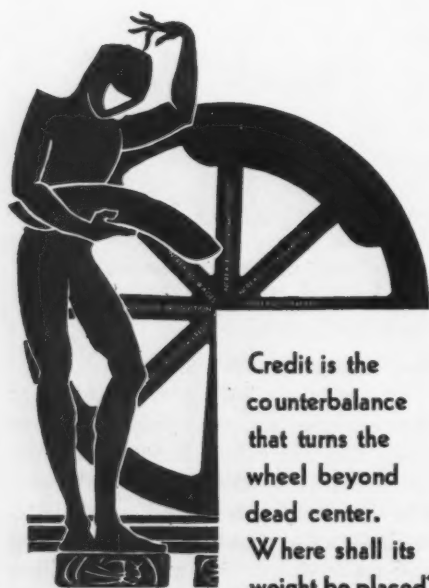
Warns "Incompetent Dreamers and Demagogues Sure to
Get Hearing" if Credit Men Fail to Furnish Solution.

BOSTON, June 26.—Edward A. Filene, in an address prepared for delivery before the National Association of Credit Men in convention here places the responsibility for ending the depression squarely before the members of the Association.

Warning them that, if they themselves do not
the solution to the Nation's present eco-
blem, all sorts of irrational credit
dreamers and incompetents



By EDWARD A. FILENE



Credit is the
counterbalance
that turns the
wheel beyond
dead center.
Where shall its
weight be placed?

BUSINESS begins with credit. Human life itself, in fact, begins with credit. If we would only keep that fact always in mind, our business thinking might be much straighter than it often is.

You know the story of the so-called self-made business man who announced to his audience "When I started in life, I didn't have a dollar in my pocket"; only to be reminded by a voice from the gallery—"Sure, when I started in life, I didn't have any pockets." Well, that's true nevertheless, when any human being starts out in life, he must have a certain amount of credit. The baby must have his milk; and the only way he can get it in his predicament is to have it charged.

We expect him eventually, of course, to pay for it: and if each new generation is not educated and trained to pay its debts to society, it is clear that society will be forced to dispense with

the luxury of having any new generation, and that will be the end of human society. Helpless and incompetent as all babies are, human society couldn't exist another century without them; so we've got to extend credit to them, whether we want to or not.

Fortunately, we haven't had any great controversy about it. There are no eminent economists, so far as I know, to warn us against the practice of letting babies have what they need unless they can furnish proper security. Fortunately, we haven't approached the problem from that standpoint. We haven't tried to find out, as a rule, whether the baby was good for the milk but have been content to know that the milk was good for the baby. So we have continued to provide the babies with whatever they need and we have thus fitted them in the end to pay for it.

A few years ago, however, many economists became rather panicky over

the development of instalment buying. Millions of people, it was discovered, were actually purchasing the things that they had been making. They weren't purchasing them faster than they could make them; but they were purchasing them faster than they could pay for them, their buying power being what it was.

These economists did not suggest as a remedy that the millions be provided with more money. When they opposed instalment buying, they did not suggest some other kind of buying to take its place. From their standpoint, the masses were simply getting too much credit.

In the old days, when very little was being manufactured, very little was being bought. That, when we come to think of it, wasn't very strange. But now, we had learned how to manufacture ever so much more, and we were buying ever so much more. And that, to these economists, seemed most alarming.

And who, incidentally, was doing all this dangerous buying?

If millionaires had been doing it, the economists would not have been worried at all. If people with first-class bank credit had been doing it, they would have thought it an entirely sound proceeding. But the millions who were now buying all these things, they noticed, were the millions who seemed to need them most and who were spending their time and energy, under the most scientific management, in the process of bringing those things into existence.

Now, I am not trying to defend the instalment system. I am merely trying to trace the development of credit in this machine age. The time had come, because of the development of machine methods, when we found ourselves able to produce goods upon a hitherto undreamed of scale. The problem, from the standpoint of business, was how to sell all this increased production. If buying were not greatly increased, all these discoveries of more efficient methods of production would come to naught. In one way or another there had to be an expansion of buying power. The instalment system might or might not be a sound system. But it did provide an expansion; and even business men who were theoretically opposed to it, and would not themselves have bought their personal supplies on the instalment plan, were compelled to seize upon it as a makeshift.

Credit, to be sure, was being expanded in other ways. Banking was being improved. The savings of the

masses were now being collected in huge financial reservoirs, to be let out to those who could furnish proper security for the launching of all sorts of new industrial enterprises. But, this, in a way, only added to the problem: for the new enterprises must depend for their success upon a great increase of buying on the part of the ultimate consumer, and our regular financial institutions were not paying very much attention to the financing of ultimate consumption.

They were making it possible for many businesses to become temporarily successful; for the launching of so many new enterprises required a lot of buying of the products of going industries. New factories required the purchase of cement and steel and machinery, and many other things, and the hiring of workers to provide them. Ultimately, however, all these enterprises were dependent upon people buying more things not merely to put into production programs but to put into their personal individual lives.

Some increased consumption, to be sure, was being financed, aside from this instalment system. For one thing, higher wages were paid: but the average credit man, I dare say, did not think of that as an extension of credit. Wages, it had generally been supposed, represented the price of labor in the labor market; and what one paid was supposed to depend upon the conditions of supply and demand. But that supposed law had obviously ceased to work. We saw Mr. Ford, for instance, voluntarily doubling wages, and making an amazing success of it; and we saw other great employers imitating his success by following his lead. Many employers then began to say that they were paying their workers, not on a basis of how cheaply they could hire them, but according to what they were worth. But even that theory proved to be untenable. For the business might prove unprofitable, yet these employers had to pay wages as they went along whether it was profitable or not.

More and more, if we have studied the actual function of wages, we must have reached the conclusion that wages are an advance of credit, rather than measured payment for value received. Even if one is getting value received for the wages he pays out, he has to pay for the labor long before he gets the value back. Ford has to pay his workers for every hour they spend in drilling holes in steel plates: but when the holes are

drilled, no one comes to Mr. Ford and says: "now that you've got all those holes drilled, here's your money." No, Ford has to wait until somebody says to some Ford dealer: "I'll buy this car." Until that happens, Mr. Ford can make no profit out of having those holes drilled; but the drillers do not and cannot wait for the sale of the cars. They'd starve to death if they did. They must be financed, and Mr. Ford finances them—with wages.

Mr. Ford's wage policy proved so successful that many employers eventually perceived the industrial advantages and the business necessity of paying higher and higher wages as higher and higher production was achieved. And the most modern and progressive industries followed his lead, also, in the further financing of consumption by another method. That was by making prices lower and lower.

Obviously, this not only led to more buying of whatever these industries had to sell, but it left the buyers with more money than they would otherwise have had, to spend for other things. It enlarged the consumer's dollar. Neither the high-wage nor the low-price policy could have been followed, of course, if either had increased the cost of production: but actually they lowered production costs, for the low prices assured a larger market, and also the distribution of the overhead charges among so many articles sold that the charge upon each article sold tended to become comparatively negligible; while the higher wages stimulated management and compelled the constant introduction of better and better methods and constant attention to the elimination of waste.

While these mass production policies financed much additional consumption, they were not and could not be adequate to the new needs. In the first place, while industries in general were introducing improved machinery and improved methods, only a small percentage of them were yet following this high-wage, low-price principle. It was demonstrably the most successful principle but it was a revolutionary principle and required the abandonment of so much traditional thinking that relatively few were able to grasp it and fewer still to apply it at every stage of every business problem.

Production therefore was rapidly outdistancing consumption. Something had to be done about it. Mass production

(Continued on page 49)

By FRANK H. SKIPPER
Director of Personnel,
Pennzoil Company

THIS must be a challenging article if I am to render a worthwhile service to my readers. That being obviously true I throw my hat in the ring and ask no quarter.

To analyze the greatest job in the world is an ambitious undertaking but any article on "JOB ANALYSIS" is relatively useless unless it makes the attempt. What is the greatest job in the world and why is it the greatest job?

For obvious and overwhelmingly good reasons the greatest job in the world is the job of thinking. 99 per cent. of any improved dividend which can come through the handling of any kind of a problem will be absolutely determined by the speed and quality of the *thinking* invested before any action is taken.

Because of the responsibility which I feel in tackling such a subject I urge my readers to doubt, fight, and challenge everything which I say in this article. Constructive doubt is a great "finder out" and has the added advantage of debunking the mind of the breed of peculiar and detestable arrogance which is such a destroyer of clear and impartial thinking. There is nothing in the smallest degree sacrosanct about my ideas on the subject and I am always wide open to challenges from everywhere. It is my sincere hope that as long as I live there will never be a greater challenger of his own methodology than Frank Skipper.

Now that we understand one another I am going to hurl a few challenges at my readers' defenceless heads because I am too far away from them to be in any personal danger.

The *best* in the *average* man is better than the *average* in the *best* man . . . All who desire greater earnings through better "job analysis" should intelligently use that piece of truth. The average performance of the average employee leaves much to be desired. The majority of executives with whom I speak would be in enthusiastic accord with that statement. However, let them reflect upon what that statement means. It sticks out like a sore thumb that the results complained of are the fault of the executive himself for the reason that the quality and quantity of the performance of the average worker is the exact reflection of the efficiency of

that same executive's own leadership.

The biggest dividends of all are those which come through the decided improvement of average performance. These are an exact indication of the degree of skill which the executive has attained in the arts of instruction and inspiration. From first hand observation of the daily work of the average executive all over the english speaking world I am convinced that he does not know how to *think* about his own job. This

"the mind must be possessed of a
VISION . . . a carefully selected
OBJECTIVE . . . chart the
ROCKS of RESISTANCE . . .
SEE all of the ACTIONS

is not intended as an alibi for the worker who, if he were on his toes, would be learning to think about his own job, and in the process become possessed of all the assets and none of the liabilities of his bosses.

The degree of co-operativeness and speed of forward movement of an organization is a true indication of the thinking power of its executive force if the product or service sold by the company represents good value to the user. The average executive should be taking a good solid kick at himself before he kicks so much about the laziness and poor performance of the average salesman, clerk, or worker in any grade.



think!

- "the executive does not know how to think about his own job
- "the complained-of performance of the worker is the reflection of the executive's own leadership
- "if the factory operated with the same lack of precision (as the executives' thinking factories) they would join up in a bunch and demand the resignation of the factory manager
- "what, in your opinion is a first class job of thinking?"

The performance of the force generally is a reflection of his analysis of his own job for he is incapable of helping others to rightly analyze theirs unless he has mastered his own. If you think I am too hard or lacking in reverence for the executive make a first hand investigation of your own.

Ask a few executives whom you know personally the following challenging questions: What in your opinion constitutes a first-class job of thinking? What do you actually do when you think? What are the precise steps involved and in what order do you take them? How do you protect yourself against the dividend-destroying cost of trial and error? How do you make quite sure that on every problem which is yours to manhandle the thinking involved is fundamentally sound?

In the overwhelming majority of cases you will be literally staggered by the glaring incompleteness of the replies. You will wonder what kind of a President could possibly be content to allow them to lead others and teach them to think. You would certainly be thoroughly satisfied that there exists a great and widespread need for better methodology in the thinking factories of the average executive. If their actual factory operated with the same lack of precision they would join up in a bunch and demand the resignation of the factory manager. If the average factory did work with such a degree of indirectness of operation and overlapping functions the company would unquestionably go bankrupt.

Now treat yourself to the practical education to be gained from asking the same questions of a number of average workers of any class and you will clearly

see the same need. If you care to go a step further ask a number of teachers. You will probably say that they are overworking the memories of their students at the expense of their thinking powers. There are many wonderful exceptions everywhere but I am talking of averages. Ask the same question of yourself. What kind of thinking do you do when you get dissatisfied with your present job and your rate of advancement in it?

Do you wish for more money and power because you are hungry for greater possessions, or do you work for your ambition through the medium of the finest job of thinking which your brain is capable of working out? Give yourself an honest reply to this question and one which is minus the vision destroying diseases of self-applause or self-pity. Find out the truth about your own methods of handling problems. Every revision captures a better vision and every human should continually revise upwards his personal "measuring stick" which orders and controls his thinking factory. Even in this age of research this is the greatest of all researches in which an individual may engage himself. Let us now search together for the active possession of a definite "measuring stick" by means of which we may improve our thinking.

In thinking about any kind of a real problem which you and I are likely to face in life there are two major functions which MUST be completely separated in the thinking factory. One is scientific preparation and the other is controlling performance. To put it another way: the challenging problem of controlled action is impossible of scientific treatment unless the preparation for

it has absolutely commanded every ounce of the mental power possessed by the individual.

In the scientific preparation for any kind of action three major steps are involved. The mind must be possessed of a vision through a carefully selected and deeply studied objective. It must also possess an accurate chart of the rocks of resistance if it is to avoid shipwreck. It must see sketched out before it all of the actions which are necessary to accomplish that deeply studied objective and avoid those well known rocks of resistance. When I am faced with the preparation of a problem I always fortify myself by the practical slogan: Object—resistances—action. Know all about each before you run the risk of being impelled by some dangerous quirk of the imagination to go off half cocked. There is a tremendous difference between vision and imagination. What we need in our preparative stage is a concrete vision of the whole problem in writing. Any informed person will readily admit that efficient record keeping and efficient and human analysis of records kept are the most marvellous trail blazers to better performance. Our first step then is to get a large scratch pad. We must now decide on our object without allowing the mind to wander away from the one thing which will build vision. It is easy to start with the wrong object and therefore get a bad result and the scratchpad greatly reduces this possibility. Record in writing on the pad every good object which enters the mind. Then from among the well conceived objects recorded select the one considered best. Now deal with the resistances in the same way and with no mind wandering or overlapping into other aspects.

Here is a glorious and error saving piece of truth about every sane human mind. It will instantly reject any course of action calculated to end on the rocks of resistance if the position and degree of danger associated with each rock has been definitely charted in writing and therefore relegated to the library of the subconscious mind.

The third step is to record in writing on that scratchpad all of the acts or steps which you feel necessary to attain the objective and avoid the resistances. Arrange those acts in the right order of their performance. These three steps should be subject to much revision after they are once reduced to writing.

In these few words I have passed on to you what is by far the grandest frac-

(Continued on page 53)

hunting out minor loss

mass economies result from
accumulated unit savings



6. Minor Aids to Major Profits

Standard Equipment for Clerks
Standardized Pencils, Erasers, etc.
Portable Typewriters
Desk Racks
Letter Trays
Stapling Devices
Rubber Stamps and Racks

5. Correspondence

Addressing Machines
Dictating Machines
Duplicating Equipment
Envelope Sealers
Letter Openers
Permit Machines
Pre-Cancelled Stamp Machines
Stamp Affixers
Time Stamps
Typewriters

4. Records — Protection

Insulated Cabinets
Insulated Files
Insulated Safes
Vaults — Portable and Permanent

3. Records — Maintenance

Filing Cabinets
Filing Systems
Visible Indexes
Special Equipment
Records—Maintenance

2. The Accounting Department

Adding Machines
Billing Machines
Bookkeeping Machines
Calculating Machines
Check Protectors
Record Systems

1. Planning and Arrangement

Partitioning and Layout
Types of Desks
Chairs for Efficiency
Filing Equipment that saves space
Counters—double duty

last of a series of six articles on executive office management and administration by H. P. PRESTON

THERE'S an old saying which, if I remember correctly, goes, "it's not the 'eavy 'unting that 'urts the 'orse's 'oofs, it's the 'ammer, 'ammer, 'ammer on the 'ard 'ighway." Management attention is frequently so focussed on the "heavy hunting" of business that it overlooks the daily click, click, click of the typewriter keys. Yet big, dramatic wastes often tend to correct themselves because, for one thing, they are so obvious. Who ever overlooked an elephant in a parade? Maintenance men, entrusted with overseeing the operation of motors, keep a careful check on the small, seemingly unimportant parts of the mechanism. These are the parts which may need attention under the strain of continuous operation. These are the parts which, if neglected, may seriously interfere with the efficient operation of the machines as a whole.

It is anachronistic that management, wholeheartedly advocating the profits of mass production at low unit prices, refuses to see, in many instances, the possibilities of mass economies through accumulated unit savings. If business, as a whole, would look more to its stamp pads, numbering machines, pencils, carbon paper, stationery and other minor details, it might be surprised at the aggregate savings which would result.

There are, however, other matters which must be co-ordinated with any such investigation if success is to be

attained. The measure of an office's general efficiency will often be found in the management's attitude towards the individual clerical worker's job. It is management's business to organize each job so that it carries with it specific duties and responsibilities; to standardize the technique for the performance of each job; to furnish every worker with the proper equipment for carrying out his or her tasks in the speediest and most economical manner.

This may seem platitudinous. Yet it is precisely these three simple things which management, time and again, fails to do. The inevitable result is a high degree of clerical inefficiency. It is unreasonable to expect employees to organize their own work. Exceptional ones may occasionally do this, but the task is one for management. If responsible executives do not know just what each employee is supposed to do, why he is supposed to do it and the approximate time required for each job, can employees be blamed for working along in their own individualistic fashion?

To successfully organize each worker's job requires the maintenance of a nice balance between carelessness, on the one hand, and fussiness on the other. For instance, pencils, erasers and carbon paper are, in themselves, very small items. Yet they have a definite importance in speeding up or hindering office routine. In the aggregate they may reach quite sizeable yearly expenditures. To over-



look these things entirely is careless and waste breeding. To issue a communication to an office force of nearly two hundred stating that new pencils are to be pointed with fifty revolutions of the pencil sharpener and old ones re-pointed with ten turns, (with no way of seeing that these instructions are carried out) is efficiency for efficiency's sake and is not worth while.

It is worth while, however, to create some system whereby the company stops supplying pencils for the homes of all its employees. It is worth while standardizing on three or four kinds of pencils and discontinuing the practice of meeting every individual's whim as to the kind of pencil he *must* have. It is worth while to find the degree of lead hardness which most aids in the smooth performance of general work. Too soft a lead blunts quickly and heightens the chances for errors when transcribing from such records. The constant need for re-sharpening wastes a great deal of time. Too hard a pencil tends to illegibility. Wasted pencils cost business quite a sum each year, as does wasted carbon paper. It is said that other nations could make a meal from the food we throw away as garbage. A "waste-basket analysis" would show a great deal of useable material discarded through carelessness. As an example, an average sheet of carbon paper should produce between 40 and 50 legible impressions. Yet many are thrown away after 25 or

30 impressions. By establishing a standard and training employees to maintain it, many companies have effected considerable savings on this item alone.

Printed forms, letterheads, envelopes, postage, telephone calls, telegrams, inter-departmental and inter-branch communications are a few of the breeding places for waste. By simply analyzing these seven branches of office work money can be saved for almost any company. Furthermore, it usually surprises management to learn the amount of these savings. In our traditional contempt for pennies we forget the cumulative strength of small items multiplied by thousands.

Many of these things will be taken care of almost automatically if each worker's job is fully organized. The first step in such planning would be to clean the desks for action. A successful financial editor of a foreign edition of an American newspaper, told me that, when he accepted his post, his desk was filled with miscellaneous odds and ends—reports, old charts, statistics, etc. A quick survey convinced him that the material was useless and retained only for atmosphere. He filed it all in the waste basket and when, some years later, he returned to America, he left his successor a pen, some pencils, some paper, a ruler and some current data correctly filed.

In other words, he had organized his desk. Every worker's desk should be so organized by the management. Much of the confused mass of papers still to be found in clerical workers' desks is only atmosphere material. It may be retained through a desire to appear very busy. It may be kept through carelessness. It may be kept because of a lack of self-confidence—a sort of desire to always have an alibi for anything that happens. But, no matter what the reasons may be, there is no need for crammed desks. Pawing over papers piled in desk drawers is simply wasting time. All papers and all working material should be kept in an orderly fashion and should be available in a second. Papers should not be piled on top of a desk. Apart from appearances, there is a definite mental hazard in being continually confronted with a mass of future work. Desk racks and sorting cabinets are excellent adjuncts for keeping currently used data at hand in an orderly fashion. As far as possible, desk drawers should be used for the filing of material that is in use, leaving the top of the desk, the working surface, free.

To reiterate a point formerly mentioned, properly planned clerical work is routinized and standardized. Without any suggestion of being inhumanly efficient, practically all office work can

(Continued on page 54)



STATIONERS LOOSE-LEAF CO.

1931 business show

advertisers in Credit and Financial Management study credit problems first-hand and exhibit to executives the latest developments in systems, machinery and service

FOR a great many years it has been the custom for CREDIT AND FINANCIAL MANAGEMENT, formerly "Credit Monthly", to sponsor a Business Show in conjunction with the Annual Convention of the N. A. C. M. The Business Show has always been recognized by our advertisers as an unusual opportunity to show to the credit executive all that is new in the field of office equipment and credit services. The delegates at past conventions have also expressed themselves as having benefited

greatly from the chance to inspect closely the new methods which have been developed to assist them in the solving of their daily recurrent problems in the field of credit, finance and accounting. Each year has witnessed, as they say in circus parlance, "a bigger and better Business Show." The Boston Business Show was, from the point of view of the number of exhibitors, the largest and most varied. There were office equipment concerns, one telegraph company, a finance concern and several com-

panies offering services which are growing more and more indispensable to the credit man.

For those CREDIT AND FINANCIAL MANAGEMENT readers who were not fortunate enough to attend the Boston Convention, we present a pictorial review of the most successful Business Show ever sponsored by this magazine.

Eleven exhibitors displayed and demonstrated products and services designed to aid the Credit Executive in every detail of his exacting duties.

Both delegates and exhibitors voted the Business Show an unqualified success. So much interest was evidenced in the literature distributed by the different exhibitors that we have arranged to supply our readers with copies. If you desire this literature write to CREDIT AND FINANCIAL MANAGEMENT, One Park Avenue, New York City.

The Burroughs Adding Machine Company had the largest exhibit of the Show. The many types of electric and manual calculating and accounting machines were demonstrated to hundreds of credit men. The new Burroughs cash machines were shown for the first time. The new 20 Total Accounting Machine for Ledger Statements and Columnar Journals was the keystone of the exhibit and caused much favorable comment as did the continuous billing machinery.

Mr. V. B. Dunham, Installation Supervisor of the Burroughs Adding Machine Company was in charge of the exhibit. With the aid of two young lady assistants, Mr. Dunham was constantly busy demonstrating approximately fifteen different types of Burroughs Equipment. An indication of the value the delegates placed on the information given out by Burroughs may be gathered from the fact that when the Show opened there were hundreds of different circulars having to do with accounting and credit problems. When the show closed Friday night there was a mere handful left.

The Postal Telegraph booth was the center of much attention. Mr. Gates Ferguson was in charge and many credit executives availed themselves of the opportunity to secure information on the possibilities of using Postal wires for the collection of credit information and accounts receivable. Postal Telegraph's Teletype machines were so installed that it was possible to send yourself a telegram right in the booth. Messages sent to President Hoover by Postal Telegraph were read during the Convention and illustrated clearly the swiftness and



H. C. COOK COMPANY



MUN-KEE PRODUCTS CORP.



ACCO PRODUCTS INC.



CARL E. STRICKLER & CO.

efficiency of the entire Postal Telegraph organization. A great deal of the literature distributed by the Postal Telegraph booth was concerned with the use of Postal Telegraph in the collection of accounts.

Mr. Edward King, Secretary and Treasurer of Hooper-Holmes Bureau, Incorporated, together with Mr. Edward O. O'Hanlon, Vice President, were always present to explain the features of the Hooper-Holmes Bureau service in the compiling of Moral Hazard Inspection Reports for Credit and Commercial and Employment purposes. The Hooper-Holmes Bureau investigates "CHARACTER" the foremost of the three great "C's" of Credit known as Character, Capacity and Capital. The Moral Hazard Inspection Reports give the information on the credit risks' character. They have a nation-wide organization to investigate the risks' character, ability, occupation, environment and performance, whether an individual or a large corporation.

The Household Finance Corporation booth contained various pamphlets and reprinted articles covering the service they render credit by helping the small borrower. Many of the booklets distributed are those mentioned by the Household Finance Corporation in their regular advertisements.

Judging from the many expressions of interest heard from readers of Household's literature, there is much information of value to credit executives contained between the covers of these booklets.

Dr. Miller's Household Finance Corporation's radio address was in printed form and was eagerly sought. Another booklet on the Household Budget scored a hit with the wives of the delegates. If the suggestions contained therein are faithfully followed there should be an appreciable growth in the bank accounts of a number of the delegates present.

The Wilson-Jones display was built around the thought "Have you the right to be in business?" Without proper records and methods of keeping them, Wilson-Jones conclusively proves you haven't. Mr. A. C. Shearman and Mr. A. B. Coelwyn were in constant attendance demonstrating their company's new Peg Board and Visiref Visible Cabinet. These two latest developments in the accounting field received much attention and comment from all. This equipment together with the Tatum, Irving-Pitt, and De Luxe Lines of Loose-leaf devices and systems, as well



BURROUGHS ADDING MACHINE CO.



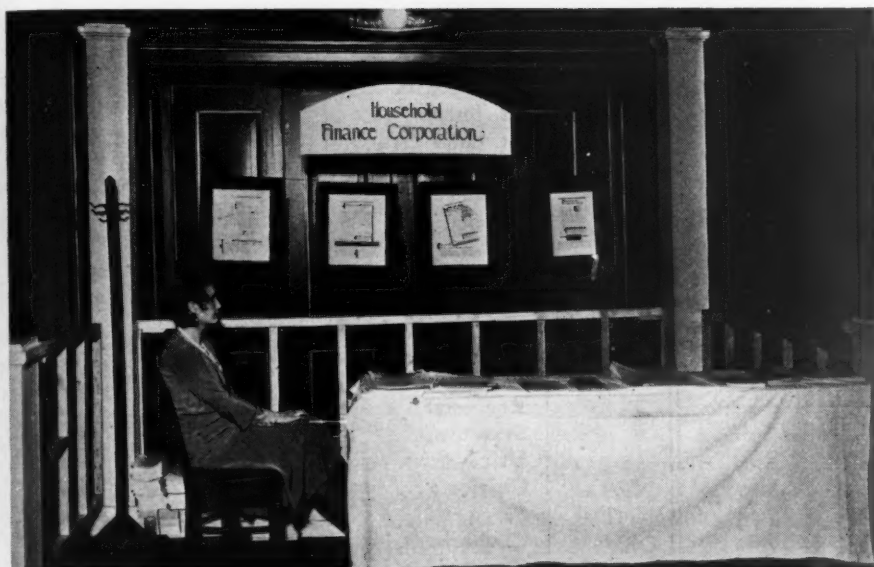
HOOPER-HOLMES BUREAU INC.



DITTO INC.



POSTAL TELEGRAPH



HOUSEHOLD FINANCE CORPORATION



WILSON JONES COMPANY

as the Shaw line of blank books were an integral part of the display.

The Wilson-Jones thought "Have you the right to be in business?" was taken from an article which they have had reprinted from the *American* magazine. It was a peculiar coincidence that the author of the article, Judge Clark, was also a speaker at the Convention. The Wilson-Jones Company will be able to supply copies of this very enlightening article.

The Mun-Kee Products Corporation demonstrated their new improved silent Stamp-pad. This stamp-pad because of its rubber base cannot scratch desks. It has a re-inking system that eliminates inky fingers when re-inking the pad. Perfect impressions are assured, due to ink reservoirs which regulate the ink flow. Miss Weinstein demonstrated the reversible and replaceable inking surface. She also showed how it was possible to re-ink the pad in ten seconds.

Mr. Von Ritter of the Stationers Loose-Leaf Company had their system of Faultless Bookkeeping on display which was of particular interest to those connected with the Business Service Committee. This system combines all necessary control records in one book and together with their instruction manual makes it almost impossible to commit a bookkeeping error. Mr. Von Ritter also showed the Faultless line of Flexi-Post binders for all current records, Automatic Shift Visible Record, and Machine posting equipment.

The Carl E. Strickler Company supplied the delegates with information about their line of Collection and Good Will stickers. These stickers are bound in books of 250 stickers each. This plan of speeding collections is used by a number of credit executives in many large concerns. The system has been tested and used for over seventeen years by credit men.

Ditto Inc. demonstrated that using the Ditto system "cuts costs with copies." Mr. Bradley proved that the Ditto machine accomplishes this result for Financial and Credit Executives, by reproducing copies direct from originals, using no stencil, type or carbon. It copies one or all of seven colors in one operation on tissue or card stock. It copies all or any desired section of the information. Originals can be used several times. Two originals may be made at one writing and used separately. These and other vital credit problems can be solved by Ditto equipment.

(Continued on page 57)

nation-wide collection and sales conditions

what they are at present

the outlook for the near future

CREDIT AND FINANCIAL MANAGEMENT offers its sixteenth monthly survey of Collections and Sales Conditions. This survey is based upon reports from 112 cities throughout the country that are trade centers for their surrounding areas. The reports are the results of the daily experience of the leading wholesaling and manufacturing concerns operating from these trading centers. The two questions "Are people buying?" and "Are they paying?",

■ This is the sixteenth monthly report of Collection Conditions and Sales Conditions to be assembled and published by Credit and Financial Management.

are perhaps the most direct and immediate reflection of daily business conditions in the country.

These reports have been tabulated so

that you may see at a glance how conditions are reported in various cities in each State. You may also see at a glance what cities report a condition of "Good, Fair and Slow." At the end of this summary you will find valuable explanatory comments that have been sent in to CREDIT AND FINANCIAL MANAGEMENT. These additional comments may be pertinent to your interpretation of collection conditions and sales conditions in the cities listed.

State	City	Collections	Sales	State	City	Collections	Sales
Ala.	Montgomery	Fair	Slow	Minn.	St. Paul	Fair	Fair
Ariz.	Phoenix	Slow	Fair	Mo.	Kansas City	Slow	Slow
Ark.	Fort Smith	Slow	Slow		St. Joseph	Slow	Slow
Cal.	Los Angeles	Fair	Fair		St. Louis	Slow	Slow
	Oakland	Fair	Fair	Mont.	Billings	Fair	Fair
	San Francisco	Fair	Slow		Great Falls	Slow	Slow
Colo.	Denver	Fair	Fair		Helena	Slow	Fair
	Pueblo	Fair	Fair	Neb.	Lincoln	Good	Fair
Conn.	Waterbury	Fair	Fair		Omaha	Fair	Slow
D. C.	Washington	Good	Fair	N. J.	Newark	Fair	Fair
Fla.	Jacksonville	Slow	Slow	N. Y.	Albany	Fair	Slow
	Tampa	Fair	Fair		Binghamton	Fair	Fair
Ga.	Atlanta	Fair	Fair		Buffalo	Fair	Fair
	Macon	Fair	Fair		Rochester	Fair	Fair
Idaho	Boise	Slow	Fair		Syracuse	Fair	Fair
Ill.	Chicago	Fair	Fair		Utica	Fair	Fair
	Peoria	Slow	Slow	No. Car.	Charlotte	Fair	Fair
	Quincy	Fair	Fair	No. Dak.	Fargo	Fair	Fair
	Rockford	Slow	Slow	Ohio	Cincinnati	Fair	Fair
	Springfield	Good	Good		Cleveland	Fair	
Ind.	Fort Wayne	Slow	Slow		Columbus	Slow	Slow
	Indianapolis	Slow	Slow		Dayton	Fair	Slow
	South Bend	Slow	Slow		Toledo	Slow	Slow
	Terre Haute	Fair	Fair		Youngstown	Slow	Slow
Iowa	Burlington	Fair	Fair	Okla.	Oklahoma City	Slow	Slow
	Cedar Rapids	Fair	Fair		Tulsa	Fair	Fair
	Davenport	Slow	Fair	Penn.	Allentown	Fair	Fair
	Ottumwa	Fair	Fair		Altoona	Slow	Slow
	Sioux City	Fair	Fair		Johnstown	Fair	Fair
	Waterloo	Fair	Fair		New Castle	Slow	Slow
Kan.	Wichita	Fair	Fair		Philadelphia	Fair	Fair
Ky.	Lexington	Fair	Fair		Scranton	Fair	Fair
	Louisville	Fair	Fair		Wilkes-Barre	Slow	Fair
La.	New Orleans	Slow	Slow	R. I.	Providence	Slow	Slow
	Shreveport	Slow	Slow	So. Dak.	Sioux Falls	Slow	Fair
Md.	Baltimore	Fair	Fair	Tenn.	Chattanooga	Fair	Slow
Mass.	Springfield	Slow	Slow		Knoxville	Fair	Fair
	Worcester	Fair	Fair		Memphis	Slow	Slow
Mich.	Detroit	Slow	Slow		Nashville	Slow	Slow
	Flint	Slow	Slow	Tex.	Austin	Fair	Good
	Grand Rapids	Fair	Fair		Dallas	Fair	Good
	Jackson	Fair	Slow		El Paso	Fair	Fair
	Lansing	Fair	Slow		Ft. Worth	Fair	Slow
	Saginaw	Fair	Fair		Houston	Fair	Fair
Minn.	Duluth	Fair	Fair		San Antonio	Slow	Slow
	Minneapolis	Fair	Fair		Waco	Fair	Fair

State	City	Collections	Sales	State	City	Collections	Sales
Utah	Salt Lake City	Slow	Fair	W. Va.	Bluefield	Slow	Fair
Va.	Bristol	Fair	Fair		Charleston	Fair	Fair
	Lynchburg	Fair	Fair		Clarksburg	Fair	Fair
	Norfolk	Fair	Fair		Parkersburg	Slow	Fair
	Richmond	Fair	Fair		Wheeling	Slow	Slow
	Roanoke	Fair	Slow		Williamson	Slow	Slow
Wash.	Bellingham	Slow	Fair	Wis.	Fond du Lac	Slow	Slow
	Seattle	Fair	Slow		Green Bay	Slow	Slow
	Spokane	Fair	Slow		Milwaukee	Fair	Fair
	Tacoma	Fair	Fair	T. H.	Oshkosh	Slow	Slow
					Honolulu	Slow	Slow

■ ■ comments on collections and sales conditions ■ ■

CONNECTICUT: There are indications of a slight improvement in collections and sales throughout Waterbury and northwestern Connecticut.

FLORIDA: Reports from Florida average "Slow" to "Fair." Collections and sales in Jacksonville are at a standstill as the summer season opens. This is usually a dull season and is expected to be particularly slow because of a slow winter season.

ILLINOIS: Conditions in Illinois are rather spotty, the reports ranging from "Slow" to "Good." Collections in Chicago are fair "plus," making an allowance for an unusual situation in the Chicago territory proper, occasioned by so many banks closing. Sales returns in general indicate that sales are fair with a feeling of optimism.

LOUISIANA: Sales throughout Louisiana are "slow" and collections are reported very "slow," particularly in the cotton, sugar and rice belt. A good general rain throughout the territory is badly needed as crops are beginning to show a need of it. A big feed crop has been planted and the oat crop which is the largest for years in this immediate territory has already been harvested. The fruit crop is good. The cotton acreage is materially reduced and use of fertilizer has been curtailed. The oil business continues unfavorable with no immediate

relief in sight and unemployment seems to be on the increase in some sections. Many failures are anticipated for this winter.

MASSACHUSETTS: General conditions in Springfield are "slow" but average "fair" throughout Worcester. The widespread reduction in wages in Springfield is likely to decrease buying power. Vacations are being given without pay and employees forced to take two weeks.

MICHIGAN: Detroit and Flint report collections and sales as "slow." Un-

employment in Detroit continues at a rather high figure and many firms, both small and large are undoubtedly existing at the expense of their capital structure. Collections in the other trading centers of this State are "Fair" and sales average "slow" to "fair."

MINNESOTA: General rains throughout this section have improved the crop outlook and, as prices seem to have become more clearly stabilized, an improvement in sales is anticipated.

TENNESSEE: Collections and sales rate from "slow" to "fair." Knoxville reports collections off slightly for first ten days compared with last month. Indications are that sales have improved slightly during the same period. Little, if any improvement in collections and sales is anticipated during the next ninety days in Nashville.

TEXAS: A slight improvement in collections is foreseen in the next month or two in some sections of Texas, particularly the grain belt, but taking it as a whole, no change of consequence is looked for until Fall. Inventories are low, necessitating replacement but the prices being paid for agricultural products are rather low and, with good crop prospects in sight, it remains to be seen just what effect this will have on general business conditions.

HAWAII: Slow collections and sales are expected to continue.

changes since last month

State	City	Collections	Sales
Dist. of Col.	Washington	Fair to Good	
Illinois	Peoria	Fair to Slow	
	Springfield	Fair to Good	Fair to Good
Idaho	Boise	Fair to Slow	
Indiana	Indianapolis		Fair to Slow
Iowa	Davenport	Fair to Slow	
	Waterloo	Good to Fair	
Louisiana	New Orleans	Fair to Slow	
Michigan	Detroit	Fair to Slow	
	Flint		Fair to Slow
	Lansing	Slow to Fair	
	Saginaw		Slow to Fair
	St. Joseph		Fair to Slow
Montana	Helena	Fair to Slow	
New York	Albany	Good to Fair	Fair to Slow
Ohio	Dayton	Slow to Fair	
Pennsylvania	Johnstown	Slow to Fair	Slow to Fair
Rhode Island	Providence		Fair to Slow
South Dakota	Sioux Falls	Fair to Slow	
Tennessee	Chattanooga	Slow to Fair	
Texas	Austin		Fair to Good
	Fort Worth	Slow to Fair	
	San Antonio		Fair to Slow
Utah	Salt Lake City	Fair to Slow	
Washington	Bellingham		Slow to Fair
West Virginia	Parkersburg	Fair to Slow	

"this month's collection letter"

Gentlemen:

The extension of credit requires the employment of capital, and when a seller of merchandise grants credit to the buyer the terms are restricted to that period of time which the seller believes he can extend to the buyer without charge, and still realize a satisfactory profit on the transaction. When the buyer fails to meet the obligation in accordance with the terms agreed upon, he is reducing the profit which the seller expected to realize.

We are sure that you wish us to suffer no loss of profit as the result of extending you credit, and feel confident that check for your matured account will be forwarded us promptly upon receipt of this letter.

Yours very truly,

AMERICAN ASPHALT ROOF CORPORATION,
Auditor

We present our eleventh "This Month's Collection Letter". It is unique and effective and an example of good collection letter thinking.

What the country needs is more good collection letters. Their importance in helping pull business out of a depression and then keeping it out is greatly underestimated. There is no short cut to profits as certain as collection letters that do their job.

Send us your best and favorite collection letter for our "collection of collection letters" which we are gathering and which will later be presented to readers of CREDIT and FINANCIAL MANAGEMENT.

■ The flood of stereotyped collection letters with their appeal to send check immediately or else—makes us think of the old Chinese punishment of dripping water on a prisoner's head, ultimately driving him crazy. The dunning may not drive the delinquent debtor crazy but its very monotony will tend to develop in him one of two attitudes: either complete indifference or more often, a sense of personal injury. The over-dunned debtor gets "mad" and loses sight of the fact that the creditor simply wants to get his money and derives no malicious pleasure from the dunning process.

The collection letter selected this

month assumes that the debtor is a reasonable individual and that sound logic will appeal to him more than a series of entreaties or threats. The first paragraph states succinctly the exact reason why the creditor would like to receive payment. The argument is simple, but basic and irrefutable.

Mr. J. P. Compton, auditor of the American Asphalt Roof Corporation of Kansas City, who contributed this letter, says that he has found this type of letter particularly successful, and that so far as he knows, it capitalizes a point which the debtor seldom considers.

"Every business man fully understands that the source of his merchandise must contain an element of profit, otherwise it would quickly dry up and leave him without means to replenish his stock, and this letter, of course, is designed to make capital of that point," concludes Mr. Compton.

CREDIT and FINANCIAL MANAGEMENT JULY, 1931

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IN THE MODERN OFFICE

An idea and experience exchange on equipment, system and management in the modern credit and business office.

Saves Paper—Saves Space

Ordinary typewriters, using pica type, space 6 lines to the inch vertically, 10 letters to the inch horizontally. "Econotype" is a new type face, of plain Gothic design, furnished on 14 pitch machines. Writes 14 letters to the inch horizontally. Single spacing is $1/9$ of an inch, thus giving 9 lines to an inch vertically. "Econotype" saves paper. It practically doubles the capacity of every sheet, compared with ordinary pica type. It increases the capacity of card index records and saves space needed for housing them. It reduces, or eliminates, the oversize forms now necessary for special work, financial statements, statistical recapitulations, etc. The type is very legible. Good for sending long letters by air mail. More words on less paper. Saves weight and postage.

Stenographer's Time Saver?

This department will announce complete details, in the near future, of an invention which cuts down time necessary for inserting carbons between paper. It is a new way of making regular carbon copies of letters but without using carbon paper. It sounds mysterious but is quite practical and may effect good savings in both supplies and stenographic time.

Straight Line Waste Baskets

All waste baskets in right hand aisle at 5 o'clock. Rule of several large corporations with big general office staffs. The waste basket idea speeds up porter work and does away with possibility of overlooking waste baskets hidden beneath desks.

For Corona Users

A copy-holder that enables you to find number of lines to page, number of words to line, amount of typewritten copy needed to fill a given printed space and gives you other useful information, is now available for Corona typewriters. Very handy for advertising men or anyone who uses this portable typewriter for mss. or general work.

Sitting Pretty

Scientific posture chairs may be compulsory in some utopian future. Alert management provides them. Cut down physical fatigue. Increase output.

The new scientifically designed Burroughs Chair for promoting proper posture has met with success since its

introduction to the market. The chair's immediate and continued acceptance by all types of businesses, banks, offices and factories has been due to its many superior features which reduce fatigue and improve the health of users.

Among the features are: A cushioned support for the back at the exact spot where it is needed; A form fitting seat curved to conform to the individual; A ball bearing swivel to eliminate strain in turning the body while seated; and adjustment features for placing the seat and back of the chair at the desired height from the floor—adjustments made without the use of tools. These adjustments insure a "perfect fitting" for each user of a chair and also enable the same chair to be tailored for a number of users.

The new Burroughs Chair is constructed in two models, the standard height chair for typists and office workers and the high type of chair for file clerks, cashiers, etc. The standard chair's seat can be placed from 16 to 23 inches from the floor and the seat of the high type chair has a range from 25 to 32 inches. Both types are upholstered in gray-green tapestry, Spanish Red or black imitation leather. The metal parts are enamelled in one of four optional colors: olive green, walnut, black and mahogany.



Desk Carriage for Ediphone

Ediphone desk carriage does away with need for special desks. Use with any typewriter desk. Forward for use, backward for clearing desk. Good where departments are crowded and extra floor space is needed. Operation of machine directly in front of typist's eyes. Improved operating features.



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forms of many sizes, on tissue or card"

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"The Ditto method has eliminated copying errors; it has reduced our office payroll; and, at the same time, it has speeded up our service. We

* Typical of many hundreds of amazing testimonial letters in our file. You may examine them.

think so much of what Ditto has done for us that we are suggesting it to our customers and our purveyors."

The booklet "Cutting Costs with Copies" tells how Ditto expedites all office systems, all paper work involving the duplication of hand-written, typed or printed information . . . how Ditto makes all the copies you need from a single original without stencil, type or carbon. The coupon will bring the book by return mail . . . no obligation.

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in the credit hall of fame

(Continued from page 7)

sociation and the American Institute of Banking. In this position he built up in four years the greatest and most successful adult and night school educational system the world has ever had. And from this field of accomplishment he stepped across another threshold into the leadership of the National Association of Credit Men.

It matters not what new leadership he may assume as he strides across this next threshold for it is certain that he can never eclipse the undying work he has already done as a teacher in the curriculum of life. He has been greater as a teacher of loyalty than as a teacher of economics, more profound as a student of human nature than as a student of economic forces, more accomplished as a teacher of life principles than as a teacher of scholastic facts. Samuel Johnson, that colossus of English literature, once said of a man who was big and kindly enough to give him praise when he needed it most, "No man deserves a greater share of my gratitude than Warburton who praised me at a time when praise was of value to me." There is probably no man living today besides Stephen I. Miller of whom more individuals can honestly say, "He gave me help and praise when I needed it most." Dr. Miller has always contended that two things are essential to a man's success—the ability and capacity for success and an opportunity for that ability and capacity to make a success. One of the chief objectives of his life has been, whenever possible, to make an opportunity for someone who has ability and capacity. He has always believed that the way to make men is to make opportunities for them.

Dr. Miller once said to me, "Almost every person in life gets the bricks with which to build a life structure but instead of building a cathedral most people leave the bricks in piles. Every ambitious man is engaged in building a human edifice. Some attempt to erect a skyscraper with insufficient foundations. Others devote so much time to the substructure that they end their lives in a basement. Still others select a large lot and proceed to build a monstrosity that is all height and has but little breadth."

Behind his desk, in his home, when he is travelling about the country, Dr. Miller is always thinking in terms of the bricks from which men build their life structures. He is an architect of life. His untiring efforts in behalf of

others, his depth of human understanding, his never failing humility, his magnetic personality and his executive and administrative ability have built for him a life edifice of magnificent and inspiring proportions. I think I may crystallize Dr. Miller's philosophy of life in one sentence by quoting the Latin proverb, "Vitam continet una dies," which means, "One day contains the whole of life." He has always lived each day as he would live a life. "Each day needs a plan just as each life needs a plan," he said to me one evening, "and no man has fulfilled his responsibility to himself until he has planned his day and completed that plan with as much expeditiousness, certainty and kindness as is possible."

September 1 will mark the close of another epoch in the life plan of Stephen I. Miller. And when he closes his desk for the last time at One Park Avenue and passes out across the threshold of the offices that he has graced for four inspiring years he will take with him the love and admiration of his office staff and of the great organization whose affairs he has administered with so much vision, courage and ability.

stepping stone of security

(Continued from page 11)

its trading floor. Since the Money Post was established in April, 1930, banks and trust companies have loaned a total of over \$100,000,000 on Curb collateral, notwithstanding the cheapness of outside money.

Stocks and bonds traded in on the New York Curb Exchange represent many of the oldest and most stable corporations of the world. In fact, there are numerous investments of the first rank and others of high grade, which offer an opportunity to the most discriminating. And the variety of securities, both domestic and foreign, which are dealt in illustrates vividly the vast scope of modern business which is carried on, not only in the United States, but also in Canada and Europe as well.

The New York Stock Exchange is, of course, the major securities market in the country and numbers in its list most of the gilt-edged and seasoned securities of the oldest industrial and banking developments of the country. In its earlier days, these were chiefly

the railroad transportation issues, which pioneered the extension of our frontiers by attracting the investment of tremendous sums of domestic and foreign capital. At the time the New York Curb Exchange was an outside market. However, with the stable growth of the New York Stock Exchange and its pick of seasoned investments and atmosphere of conservatism, it was inevitable that the progressive business instinct of our people should demand a more free medium for the financing of new enterprises. The Curb Exchange has been meeting this need, requiring, as it does, that its membership be of unqualified integrity and free from any taint of past business irregularities. It invites admission to trading privileges of securities of new enterprises which, while not yet seasoned, are nevertheless still easily recognizable as being fundamental industries of the future, the financing of which is in every respect justifiable. Therefore, the New York Curb Exchange, although it has grown to be the second largest stock market in America, still has not forsaken the one phase of financing which always has been its primary function, that is, the establishment of a public market place for securities of corporations which are still in their primary or developmental stage.

The scope of trading on the New York Curb Exchange and its importance in the economic and financial structure may be realized from the fact that today there are more than twenty-nine hundred stocks and bonds traded in comprising over twenty-three hundred securities, both domestic and foreign, about four hundred and seventy-five domestic bonds and approximately one hundred foreign bonds, while the total par value of stocks dealt in is more than \$15,000,000,000, in addition to over 900,000,000 shares without par value. Of this total, hundreds of issues have been approved as satisfactory collateral for bank loans, and an illustration of the high caliber of all active stocks is found in the fact that approximately 66 per cent. of the total, or about 1,525 issues, are in the dividend-paying class.

The Clearing House of the New York Curb Exchange is today clearing around 575 issues which constitute about 75 per cent. of the daily volume of business. The annual clearance in 1930 totalled 156,557,750 shares, a new high record. Last year was a record year in bond trading also, total sales aggregating about \$870,000,000. These figures

serve to show the important position of the New York Curb Exchange in the financial and investment structure of the country. Not only is it a highly important factor in the domestic investment field, but it is unique in that it is the only American Exchange that invites members of recognized foreign exchanges to associate membership. It carries in its trading list 150 seasoned foreign securities with a total capitalization of about 700,000,000 shares with a par value exceeding \$8,000,000,000. With the readjustment of the world economical situation the avenue will be open for a steady development of this department of its business.

Ticker service of the New York Curb Exchange has steadily expanded until it now serves the Pacific seaboard, the middle west, the south as far as New Orleans and San Antonio, Texas, and the entire industrial middle Atlantic and eastern seaboard. Plans are ready for further extension of this service into new areas as soon as the need for it arises.

Like the New York Stock Exchange, the New York Curb Exchange is a voluntary, unincorporated association and its Constitution is the contract between members. Indeed, the act of contact is inviolate and sacred. Millions of dollars in values change hands in one day merely upon word of mouth or gestures signifying the meeting of minds. The Exchange is supervised and directed by a body of thirty-six Governors and a Secretarial staff, men trained in the intricacies of Wall Street procedure and practice. They are aware of the fact that an institution of this character can endure only so long as it is operated on the basis of sound securities and fair dealings. Consequently, in addition to the physical changes designed to give the public more efficient service, the Exchange, through its Constitution, rules for trading, and jurisdiction over members and their accounts, has evolved an organization in which the investor receives the maximum of protection. Its Constitution establishes a method of operation whereby the highest standards of trading ethics are set up and maintained.

Commission charges, marginal requirements and membership qualifications correspond largely to those of the New York Stock Exchange. The listing requirements have been consistently and continually made more stringent. No stock is admitted to trading until the company's financial condition, history and personnel have been scrutinized by the Committee on Listing, assisted

by its technical staff. Once listed, all stocks are constantly under the scrutiny of the Exchange.

An additional and more essential safeguard for the protection of the public is effected by the extreme care exercised in investigating the reputation of a candidate for admission to membership in the New York Curb Exchange. Even after admission, eternal vigilance is maintained, so that the high standards of conduct, required by the Constitution, will be strictly followed in the member's business relations with the public as well as with his fellow members.

Although the regular membership of the New York Curb Exchange is limited to 550 members, there are today about 600 associate members, a large number of whom are members of New York Stock Exchange firms and some of whom, as said before, are members of the great security exchanges of Europe. Since 1921, the value of a New York Curb Exchange regular membership has grown enormously. In the early fall of 1929, a membership, or "seat" as it is familiarly known, sold at \$254,000, thereby setting a new high record for a membership on the Ex-

change. This compares with a high in 1928 of \$170,000 and a low in 1921 of \$3,750. The capital represented by the entire regular membership on the basis of the peak price of \$254,000 is \$139,700,000, compared with \$2,062,500 which was the lowest valuation of all memberships in 1921. Therefore, the capital appreciation in about ten years has been approximately 6,650 per cent. In common with the reduction in value of memberships on other exchanges, prices for Curb Exchange "seats" also declined and today are quoted around \$125,000.

In conclusion, I wish to say that in view of what already has been accomplished by the New York Curb Exchange in expanding its scope of operations it takes no gift of prophecy to predict that it will become even more powerful in financial affairs as the years roll on. The Exchange is still young and the full strength of its economic vitality has yet to exert itself. In fact, any prediction as to its future would seem extravagant, living as we are, in an era when millions of dollars in new securities are being issued and billion dollar combinations are accepted as a matter of course.



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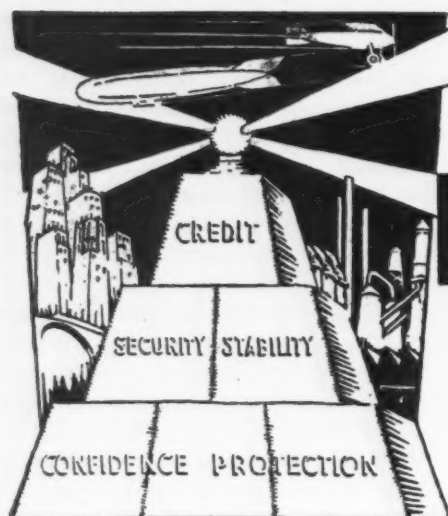
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INSURANCE DIGEST

As the credit executive is in closer contact with the insurance field than any other business man excepting the insurance man himself, the Insurance Digest has been inaugurated to fill the need of the credit fraternity for insurance news and information.

What Price Protection?

At the present time, the aggregate of fire risks carried by all the companies doing business in the United States approximates 201 billions of dollars, according to a survey made by the America Fore group of insurance companies. This represents about 59 per cent. of the national wealth.

"A striking feature of the survey is the fact that it shows the current total comparing with \$150,000,000,000 in 1920 and only \$54,000,000,000 in 1910," said Mr. Ernest Sturm, chairman of the board who directed this survey. "The increase between 1910 and 1920 amounted to 177 per cent. and that from 1920 to 1930, to some 34 per cent., illustrating the effect of the war era upon our national wealth."

"Premiums written on this business to pay for protection against fire damage to these enormous aggregates of burnable wealth, did not increase yearly in the same ratios as the values insured, because of the general tendency toward lower rates. The 1930 estimated fire premiums, for example, were actually smaller than those of 1920, while the insured total advanced 34 per cent., as stated. The 1929 premiums were a little more than 4 per cent. larger than those of 1920."

"Rates have, in fact, been decreasing for 10 years or more, as the outcome of improved construction, better internal and external fire protection, and

other factors for which rating 'credits' are given in calculating premiums."

Cyclopedia of Insurance, New Edition

The forty-first annual edition of the Cyclopedia of Insurance in the United States, 1931, has just been published by the Index Publishing Company, 206 Broadway, New York.

This well-known insurance reference book now runs to 1025 pages and is divided into five main sections: Fire and Marine; Life, Casualty, Surety and Miscellaneous; Insurance Legal Decisions of 1930 in the United States; Biographical sketches. Assets and liabilities as at December 31, 1930, other financial data, officers, etc., relating to all companies legally doing business in the United States as also latest available data of every kind relating to the business are given; also the State laws of particular interest to each line of insurance, special deposits, taxes, etc., and data relative to the various underwriting organizations, bureaus, local, state and national associations. Another important feature is the definition of insurance technical terms, the various forms of cover, policy forms, etc. arranged alphabetically.

Commercial Blanket Bonds

Just as bankers blanket bonds have replaced individual fidelity bonds in most banks, commercial blanket bonds are replacing individual fidelity bonds carried by business organizations other than banks.

The advantages of blanket coverage over specific individual coverage are as follows:

1. No change made by the employer in the number or duties of the employees will affect the continuity of the bond either as to the individual or the position filled, notice of any such changes not being required by the surety on the bond. Bothersome details and the cost thereof to the assured are therefore eliminated.

2. In the event of a loss the full amount of the bond may be applied to any one individual or combination of individuals in the event of collusion. It therefore also follows that where protection lies in a commercial blanket bond, there is less likelihood of the assured being inadequately protected in case of a default on the part of one or more employees.

While the cost of a commercial blanket bond exceeds the cost of a fidelity schedule bond, the above factors which account for the increased cost make this form of protection highly desirable.

in-the-red Russia

(Continued from page 13)

ployment and forces the necessity of cutting the wages of the workers in those countries with which it competes. The complex of these conditions inadvertently reacts negatively on the stability of the credit system in the United States.

One of the main causes of the increase and protraction of the present depression of the world market is the Soviet policy of sales. The Soviet dumping of lumber, coal, of grain, flax, cotton and other agricultural products produced in the United States and other countries cannot but influence the disruption of the stability of the credit system in the United States because it limits and curtails the investment of capital and financing, thus immobilizing the capital in wares (stocks of grain which have to be sold at a great loss, etc.) and in money, the investment of which in agriculture becomes unprofitable.

Such are the immediate results of the main factor of the present depression—the dumping of the Soviets, and this factor will not disappear even when the purely objective reasons of the present depression are eliminated.

Competition Impossible

The increase in Soviet exports promised by the so-called Five-Year Plan means further difficulties for countries which are exporting or producing commodities which the Soviets are trying to put on the markets. Private organizations will never be able to compete with Soviet prices and with its increasing pressure of quantities. Consequently, the disruption of the credit system and the immobilization of the capital will result even more than now in the curtailment of trade credits and investments.

The Soviet system disorganizes the market not only because they are underselling all the other producers but because they are offering the same commodity on all the markets simultaneously, thus making the impression that they have an enormous amount of such commodity. Their intention to disrupt the markets and to smash their competitors goes so far that for instance in their oil contracts with European consumers or governments they invariably stipulate that the price should be at least 1c less than the export price for the same products no matter what this price would be.

This has nothing to do with competition, it means a ruthless economic war.

In addition, American capital has made large investments in Europe and South America and mostly in those branches of national economy that are obliged to compete with Soviet goods. The depressed situation of these branches immediately affects other industries. One of the reasons for the present depression is the absence of the Chinese market in world trade and it is a well-known fact that the chaotic conditions in China are the results of intensive propaganda and financing of different bandit and Communistic movements by the Soviet government. Chaos in China and in India due to Soviet propaganda influences the silver situation of the whole world and this in itself affects the credit situation of the United States. It is erroneous to think that the disorganization of certain branches of agriculture and industry will not affect other branches or other countries.

Soviet exports in 1930 amounted to five hundred million dollars and the meaning of this figure cannot be diminished, because the objects of export are limited to staple commodities, such as grain, oil, lumber, furs, coal and manganese, and also because the effect, as every merchant knows is in inverse proportion to the quantities. How an industry can be disorganized by extensive Soviet sales at low prices is seen in the complete collapse of the manganese industry in the United States.

Soviet importation of commodities into this country may not be very extensive but the effect of Soviet sales at cheap prices is felt by American manufacturers where European countries purchasing Soviet commodities in large quantities and using cheap labor compete with American produced goods in the world markets.

Trade Shifts

If we study the Soviet imports from the United States or other countries, we see that the larger part of this business goes to the countries which grant the larger credits. Soviet import trade is always a reflection of the needs of their foreign policy. They shift trade from one country to another not because they can obtain in any one country better or cheaper goods but because they want to use this trade for the benefit of their foreign policy. Therefore, one country may do a very large business

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with Soviet Russia one year and not the following year. The instability of such trade must invariably affect the credit stability of the country.

The variation of orders abroad are in a large measure due to the necessities of the world revolutionary policy pursued by Russia's leaders. They vary in accordance with their diplomatic relations maintained with this or that nation, or their business relations with the industries which seem most useful for the realization of their plans.

After the rupture with Great Britain in 1927, the Soviets shifted the flow of their orders to Germany. When political difficulties were encountered with Switzerland, they stopped their orders in that country. When menaced with anti-dumping measures, the Soviet leaders answered by cancelling their orders or by threatening to do so.

When they believe it in their interest to maintain relations, they use their orders to bring pressure to bear. France has had such an experience. Due to purchases of oil by the French Navy, the Franco Russian balance was decidedly unfavorable to France. Public opinion became alarmed. Immediately the

Soviet regime sent a mission to examine possibilities of giving orders to French industries to appease the anxiety which manifested itself.

Furthermore, the Soviet goods are thrown upon the markets with intentional brutality, constituting a dangerous, perturbing element, menacing the balance of these markets.

According to latest information the obligations of Soviet Russia abroad are at the present time about 400 million dollars. The place occupied by the United States in the financing of Soviet Russia's purchases, of course, cannot be measured by those eighty million dollars which represent the amount of Soviet Russia's indebtedness direct to American manufacturers. Actually, American capital is participating in the credits granted to the Soviet government by the European countries. The bigger part of Soviet purchases financed by foreign, and mostly American capital is constituted of such equipment as is needed for the increase in production of heavy industries and war industries in Russia and mainly such branches of those industries which strengthen the military offensive power of the Bolsheviks.

Militarism

War as a factor in the promotion of world revolution is being considered by Soviet Russia as necessary and imminent, and tens of millions of its population are being taught the military art. Also under the guise of the necessity of attaining the so-called independence of Soviet Russia but actually for offensive aims, the Soviet government is using American and European capital to increase the production of raw and semi-manufactured products in order to export them and to further disorganize the world trade. American engineers designing today a huge steel plant for Russia are helping to build a factory for the disruption of the steel industry in the United States. They are already exporting tractors and other machinery. Soviet electric bulbs are already swamping British and South American markets and are being sold at very low prices, (it is necessary to state here that the Soviet Electro Technical Industry has been reconstructed by the means of foreign capital.) To a large extent Soviet furs are now being exported, dressed and dyed after the machinery necessary for the preparation of furs has been imported from foreign countries. At the present moment a large percentage of workers of these industries in Europe and in the United States is therefore without employment.

The cotton situation offers a striking example of what the Bolsheviks are capable of doing to their foreign competitors. Years ago foreign capitalists started to help Soviet Russia reorganize its cotton industry. Credits were granted here in the United States by the banks to enable the Bolsheviks to purchase American cotton which they needed for their idle factories. In the meantime, American and English manufacturers opened credits to the Soviet government for the purchase of tractors, excavators, cotton gins, spinning and weaving machinery; American engineers went to Russia to help organize the production and the industry. Now Russia has not only ceased buying cotton from American growers, but is selling Russian cotton on the Liverpool exchange at low prices. It does not matter that such sales at present are not very big. Their influence is already being felt in the world cotton market. They have just started. If Soviet Russia leaves its population to starve and exports grain, it surely will let them go naked and export textiles.

Foreign textile merchants in Turkey, Persia, India, Afganistan, and even in China are already complaining that Soviets are swamping the respective markets with good textiles at cheap prices.

A Mighty Competitor

English textile manufacturers, as well as the manufacturers of textile machinery, are beginning to realize now that they themselves have helped the creation of a mighty competitor. The textile plants in England are idle—the machinery manufacturers have lost their home markets—the army of jobless has increased—the stocks of manufacturers are in the hands of banks and their value diminishes.

American tractor and agricultural machinery manufacturers have reorganized Soviet agriculture, and as a result, they themselves are not in the best of financial condition.

The Five-Year Plan foresees for 1932-1933 exports valued at one billion gold rubles and the proportion of manufactured goods will be 43 per cent. as against 19 per cent. in 1912. This increase is, of course, in the logical order of things. The Soviet Government has ruined its internal market. Thus the intensified production must find outlets outside of Russia. It is not the Russian market, for instance, which will absorb

the 300,000 automobiles which the Russian industry expects to manufacture in 1932.

It must be obvious too, that the credit resulting from the product of convict, forced, underpaid, undernourished labor in Russia, admitted in Russia, presents a ready and constant supply of funds available for Communistic propaganda and revolutionary activities in other lands. Thus the capital of the civilized nations, their skill and ingenuity, are being used in helping build a Frankenstein which, if it continues to develop and grow, will eventually crush the existing order.

Beginning with 1923 only, Soviet foreign trade assumed more or less considerable weight in the world trade. During the three preceding years, i.e., from 1920 to 1922 this trade was negligible and the purchases were made exclusively for cash. Its exports were less than the imports and in order to balance the difference, it had to resort to the export of certain amounts of gold, mostly in bullion, precious metals and stones, as well as use foreign currency confiscated from the branches of foreign banks in Russia.

Up to 1922 the principal purchases of Soviet Russia were locomotives and other railway material, wheat and foodstuffs (especially during the years of the famine—1920-1921). It was the late Mr. Krassin, at that time representative of the Soviet government abroad, who, with some of his assistants (Litvinoff and others) was in charge of the sale of gold in Sweden.

Only since 1923 has Soviet Russia started to develop its monopolized foreign trade. The following table shows Soviet foreign trade between 1923 and 1930:

	Soviet Imports (in thousand Roubles) (C.I.F.)	Soviet Exports (in thousand Roubles) (F.O.B.)
1923/24	430.2	523.4
1924/25	723.5	575.2
1925/26	756.3	676.6
1926/27	783.7	770.5
1927/28	944.7	783.7
1928/29	836.3	877.6
1929/30	1068.7	1002.3
	5543.4	5209.3

The credit operations, i. e., purchases of merchandise by Soviet Russia on credit terms began to develop only during the last few years. Of course, Soviet Russia was using foreign credits obtained from foreign banks even seven or eight years ago but those credits were

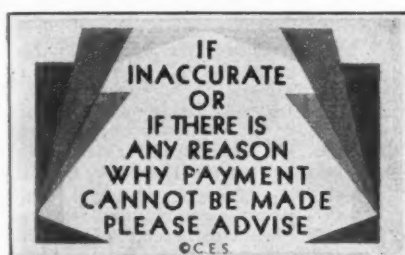
(Continued on page 45)

Collecting Accounts

—without antagonizing customers

It is one thing to collect accounts; but it is another thing to collect accounts and at the same time maintain the friendship, good will and continuous patronage of the customers. 90% of all business is done on credit. $\frac{1}{2}$ of 1% is marked off to bad debt losses. 99 $\frac{1}{2}$ % of all charge customers are honest and pay their bills, although some strain budgets and become past due. How about the loss of the desirable customers who take personal offense when embarrassed or annoyed by collection methods that antagonize? This human problem of collecting accounts promptly without destroying the customers' good will and continuous patronage is as old as credit.

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S. C. Johnson & Son have been using Strickler's Stickers for many years. They say our Stickers are of definite value in obtaining prompt payments, and the particular form and the way in which they are worded contribute to the maintenance rather than the jeopardizing of customers' good will.

For early and diplomatic collecting creditmen everywhere have found Strickler's particular Stickers to be more effective than form letters, personal letters or any other method—yet the cost is less—and as the "fur is always combed the right way" there is no loss of customers' good will. Attached by one end and placed under the amount due on statements, the Sticker attracts immediate attention. It is read and understood. Early reminding means early collecting. Over-

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May 21st 1931.

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Sincerely yours,
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William Connolly

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May 1, 1931			
George Phillips & Co., 122 South Michigan Ave., Chicago, Illinois			
DATE	AMOUNT	PAID	BALANCE
1931			
Apr. 5	100.00		100.00
Apr. 20	100.00		200.00

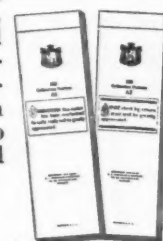
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THE BUSINESS LIBRARY

A Co-operative Banking Book

CREDIT UNION. Roy F. Bergengren. Beekman Hill Press, N. Y., 1931. 300 pp. \$1.25.

Eight years ago Mr. Bergengren, who is the stroke of the credit union crew in this country (Edward A. Filene of Boston being the head coach) published "Co-operative Banking—A Credit Union Book." The present volume brings the story of the credit union neatly and completely up to date.

Although a co-operative store had been organized in Huddersfield, England, as early as 1827, and the weavers of Rochdale formed their society in 1844, Frederick William Raiffeisen, who organized the first strictly co-operative society at Heddendorf, Germany, in 1864, is generally considered the real founder of the credit union movement.

In 1885 Alphonse Desjardins, a young newspaper man in Montreal, started a fight on the usury practices of certain money-lenders in that city. Making a careful study of the Raiffeisen methods he transplanted them to North America, setting up "La Caisse Populaire," or Peoples' Bank, at Levis, just across the river from Quebec, in 1900.

Mr. Filene's interest in the idea began in 1908, and since then he and Mr. Bergengren have been the outstanding leaders of the credit union movement in the United States. Their organization, the Credit Union National Extension Bureau, is financed by Mr. Filene and ably managed by Mr. Bergengren.

A credit union, to condense Mr. Bergengren's definition, is a co-operative society, managed by directors and committees chosen by and from the members, purposed to supply the members with a simple, convenient system for saving money, making it possible for the members to take care of their own short-term credit problems at legitimate rates of interest.

The movement has had a remarkable growth in the United States. In 1921 there were but four states with effective credit union laws. The number of unions was 199, with a total membership of 72,310 and total assets of \$10,084,862. By 1930 the number of states providing proper legislation had increased to 32, the number of unions to 1,300, the membership to 300,000 and the assets to \$47,000,000.

Mr. Bergengren's story of the development of the credit union idea is well written and full of human interest. He never gets far from his main objective, addressing his entire message not primarily to research workers or statisticians but to "folks who may be interested to organize and operate credit unions."

THIS MONTH'S BUSINESS BOOK

MARKETING PRINCIPLES. John Freeman Pyle. McGraw-Hill Book Co., Inc., N. Y., 1931. 565 pp. \$4.00.

With this book Milwaukee, which used to be famous for other than literary products, makes its bid for admission to the select list of best sellers in the business book field.

Its author is dean of Marquette University's College of Business Administration, and also occupies the chair of marketing and economics. Dr. Pyle's objective in this text is threefold: to present a method of analysis, a basis for making sound generalizations, and the point of view that the marketing process is in reality an organizing force which co-ordinates the work of many widely separated business and professional specialists.

The four chief divisions of the material are headed respectively "The Nature of Marketing," "The Marketing Process," "Marketing Practice," and "Marketing Problems." In Part I Dr. Pyle discusses the most significant aspects of marketing, characteristics of the market, and buying motives and habits. Part II covers marketing functions, organization and methods. Part III describes standard practice in marketing agricultural, natural and manufactured products, and services. Part IV, which constitutes about half of the book, deals with the financing of market activities; prices; risks and hedging; sales promotion; co-operative marketing; legal problems; executive control; and standards of marketing efficiency.

What Dr. Pyle has to say about the credit factor in marketing is concentrated chiefly in Chapter XIII on "Financing Marketing Activities." After stressing the importance of the finance function he comments on the volume of credit sales and discusses the various forms of credit—investment, commercial and consumption.

In connection with instalment selling Dr. Pyle gives emphasis to the important fact that statistics on the operation of the deferred payment plan must be taken with more than a grain of salt. For example, M. V. Ayres estimated the total volume of instalment paper for 1929 at \$6,700,000. Dr. H. Parker Willis placed the total at a figure in excess of \$10,000,000. As we have frequently had occasion to tell members of the National Association of Credit Men and other inquirers, instalment figures, as now available, are guesses rather than statistics.

To credit managers Dr. Pyle's book will be useful in two ways. First, it will give them a clear picture of the whole marketing process, in which they have a most important part. Second, and perhaps more significant in the long run, it will enable them to give their customers effective co-operation in the direction of more successful merchandising. Here is another splendid aid to Business Service. We cannot possibly have too many of them.

Attacking the Consumer by Air

RADIO IN ADVERTISING. Orrin E. Dunlap, Jr. Harper & Brothers, N. Y., 1931. 383 pp. \$5.00.

In the course of time some very uninteresting books find their way to the reviewer's desk, but this is certainly not one of them. It has two decided advantages over many business books—it deals with a subject which is so new that it has not been written to death, and it is done in a style which holds the interest of the reader as well as any thriller by Willard Huntington Wright, masquerading as S. S. Van Dine.

For example, Mr. Dunlap brings out the interesting point that concerns advertising by radio have a choice of announcers' voices, just as newspaper advertisers have a choice of type. The voice of Graham McNamee, he says, might be compared with Bookman; Ted Husing with Caslon; Milton Cross with Bodoni; John S. Young with Century and Alwyn Bach with Cheltenham. Personally we always had a liking for Cheltenham, and that goes for Alwyn Bach too.

Although this book is addressed primarily to actual and prospective advertisers by radio, and to those who are engaged in one form or another of broadcasting activity, it is full of interest for all who listen in, and by this time that means very nearly all of us. It begins by describing radio as "a new sales weapon" and then moves on to sketch its evolution as an advertising medium, discussing such questions as the comparative advantages of radio and printed advertising; the number and the mental habits of listeners-in; how to plan a radio program; and radio as a "show business."

Special chapters are devoted to "Salesmanship of Music," "Merchandising the Program," "Testing Radio's Advertising Value," "Radio's Power to Reach the Masses," "Radio Advertisers and the Law," "Artists the Advertisers Hire and Why," and "Advertising by Television."

Even the Appendices of this book repay careful attention. In this section, for example, you will find a complete list of the network stations of the National and Columbia Broadcasting companies, with the wave length, frequency and power of each station. You will find also several complete radio scenarios, representing such features as the Palmolive Hour, a General Electric continuity and a Chase and Sanborn program. Appendices O and P list the advertising clients of both National and Columbia for 1930.

It is doubtless a fact that few who read this page are either actual or potential advertisers by radio. Most of us, however,

have a real interest in what radio is and does, from the listener-in point of view, and Mr. Dunlap's book gives a very satisfying close-up of the intimate details of radio broadcasting.

in-the-red Russia

(Continued from page 52)

extended by foreign banks and only by the banks which were advancing money against export merchandise bought by the Soviets—such credits were naturally well protected by these goods, while it was only two to three years ago that foreign manufacturers and foreign governments (Italy, Germany, England, etc.) started to extend credit on Soviet purchases.

The foregoing table based exclusively on the official statistics of the Soviet government shows that during the last seven years, the Soviet government has sold merchandise to the amount of 5,209,000,000 Roubles (approximately \$2,650,000,000) and bought abroad during the same time merchandise evaluated at 5,443,000,000 Roubles (approximately \$2,850,000,000). In other words, during the last seven years Soviet Russia spent \$200,000,000 more for her purchases abroad than the amount received by her for her sales.

In order to cover this difference the Soviet government during the same seven years has exported from Russia gold in bullion and specie amounting to \$21,000,000 German Marks or approximately \$125,000,000. Therefore, the exact evaluation of all foreign trade operations of the Soviet government during the last seven years consisting of the sale of goods and the export of gold and of the purchases of foreign merchandise, shows that Soviet Russia's indebtedness to foreign countries, Europe and America, should not be more than \$75,000,000. In the meantime, we know that the indebtedness of Soviet Russia to Europe and America at the present moment is approximately \$400,000,000, (about \$80,000,000 in the United States, about \$200,000,000 in Germany, etc.) against \$75,000,000 as established above.

This very fact gives us the key to the understanding not only of how Soviet Russia finances the foreign Communist parties but also what huge amounts are used to finance these parties to con-

duct pernicious propaganda. This fact also establishes whose capital the Soviet government is using to conduct this propaganda against foreign governments.

The Russian Communist party which, previous to the revolution of 1917 consisted of not more than ten thousand members, was spending many millions of dollars for the support of its professional politicians and its press. It was getting these reserves not always by lawful means. The foreign Communist parties at the present moment consist of several hundred thousand members throughout the world who are spending their time as professional politicians and their services are paid by the treasury of the parties. These individuals are spending many tens of millions of dollars each year. Hundreds of Communist newspapers are edited throughout the world which can be supported only by outside means and the principal source of their supply of money is Soviet Russia.

Red Propaganda

The money that has been spent by Soviet Russia during many years for the development of a revolution in China, the money that is being spent for the maintenance of Communist parties and the Communist press in Germany, France, Poland, Czecho-Slovakia and the Balkan countries, the money that is being spent for an enormous espionage system having its branches in all the countries of the world (the recent huge trial in Roumania, the arrests of engineers and workers in several branches of industry in Germany, recent arrests of Soviet spies in France and Sweden)—all this money as it is shown by incontrovertible facts was and is covered by Soviet Russia through its enlarged indebtedness to European and American capitalists. The huge figure of \$325,000,000 of indebtedness which resulted from the conversion of Soviet merchandise into cash money, as well as from abnormal finances of Soviet purchases abroad, is being used for the purposes enumerated and taken from the pockets of European and American industrialists and bankers.

It is worth while to note that in pre-war times a Russian industrialist named Morosoff, under the influence of Maxim Gorky, gave several thousand dollars apparently for the improvement of the conditions of workers in his factories,

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but in fact this money was used for the purposes of the Russian Communist party which, later in 1918, confiscated all his plants and all his property. Isn't this a striking example of communist duplicity? Today foreign firms and banks are financing Soviet Russia on a tremendously large scale enabling the Communist party to conduct communist propaganda which imperils their own existence.

What Lenin Said

Once Lenin said that it is necessary to force the bourgeois specialists to work for Communism. Trotsky was able to do this in the military field and Stalin, as the leader of the government, is upbuilding Communism by the use of foreign capital and foreign specialists in order to be able tomorrow to dump the goods produced, to create unemployment among the wage workers and farmers of foreign countries and to instigate social conflicts. Then, as a leader of the Comintern he supervises and utilizes foreign Communist parties in waging those conflicts. It is obvious that Soviet Russia is not only disorganizing the trade but is also affecting the credit stability of foreign countries.

But infinitely more serious, the Soviet leaders are attempting to destroy our present civilization. As a matter of fact, two economic systems are in open conflict. On the one hand, we have the Western system based upon private initiative, upon the development of the individual, upon the development of per-

CREDIT and FINANCIAL MANAGEMENT JULY, 1931

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sonal liberty in the greatest possible measure. It rests upon human nature itself and permits the realization of the highest aspirations of the human heart.

On the other hand we have the Soviet system with its total suppression of personal liberty and absolute subjection to anonymous orders—a system which reduces the individual to the role of an inert part of a vast machine which crushes him by its very formidable and brutal strength.

What shall be our answer? What must be our answer?

Shall we remain inactive—or passive while our whole civilization is being assailed—or shall we arouse and defend ourselves against the propaganda of a regime of fanaticism that is as deceitful as it is deadly?

control federal control

(Continued from page 15)

whose professional learning and high character deserves national respect, speaks, in a recent radio address, of maintaining "our present system of competition without restraints." I submit that we have and are further developing a policy of business regulation which is arbitrarily applying not only different standards to different industries, but different penalties and methods of enforcement.

Contrast the legal liberty of agriculture and industry in the control of over-production:

"The answer to over-production is less production," says the Secretary of Agriculture, in his Annual Report for 1930.

"I want to emphasize the need for equitable, intelligent, systematic and collective action to bring supply into better relationship with demand.

". . . The primary duty of the (Farm) Board is to help farmers organize cooperative marketing associations for the improvement of the distribution of farm products and to aid in preventing the production of surpluses."

Says the Attorney General, in a recent radio address, referring to the effort to control over-production of oil by agreement of competitors, in cooperation with the Secretary of the Interior:

"The over-production, low prices and resulting waste in the field of natural resources such as oil and minerals have given rise to the assertion that combinations to restrict production and thus raise prices are lawful, which under normal conditions would be considered illegal."

The oil industry, for example, op-

erates under a series of severe penal statutes, enforceable by criminal prosecution, injunctions, confiscation of the subject matter of an unlawful contract, recovery of triple damages by injured private parties, and drastic administrative orders. Were the oil producer a farmer, planter, ranchman, dairyman, nut or fruit grower, he could, under the Capper-Volstead Act, not only cooperate with his competitor in producing and marketing his product, and make necessary agreements for that purpose, but the standard by which his conduct is measured, would be not whether he restrained trade or tended to monopoly by such action but whether he did so to such an extent that the price of the agricultural product was unduly enhanced. Of this his friend, the Secretary of Agriculture, is the judge. If the Secretary proceeds at all, which he has not found it necessary to do since the enactment of the Capper-Volstead Act, he would issue an administrative order forbidding the prescribed acts, but threaten no one with jail.

In the agricultural crisis, the whole force of executive and legislative authority is exerted to stimulate and persuade cooperation to prevent over-production in foodstuffs. In the field of industry, stabilization of production is urged, but agreement to prevent a surplus is an offense, not a privilege, and faces the most drastic penalties. Nor can an industrial producer obtain a responsive and binding answer from his government as to how far he may go in any concerted effort to control surplus production, that threatens a waste of natural resources, the demoralization of a business and a continuous menace to employment.

For this contradiction in public policy neither the Attorney General nor the Secretary of Agriculture is to blame, nor do I refer to it to criticize our agricultural brethren. On the contrary, they are to be congratulated upon the liberty which they enjoy in meeting the serious difficulties which they face. But I cannot with accuracy describe our national policy as sustaining "unrestrained competition" when we measure the limitations placed upon industry and agriculture by different standards, enforce them by different penalties, leave the prices of the former to the natural operation of economic forces and insure the other by administrative action and appropriation against price declines. By

every official utterance and action, co-operative control of surplus in foodstuffs is urged, while in the field of manufacture and merchandising it is denounced. Yet forest, factory, mine and farm confront, in this hour, the same critical problem—the restoration by cooperative action of the lost balance between production and consumption.

In the face of these conditions, can there be any doubt that business co-operation for readjustment hesitates to enter upon forms of economic cooperation it deems necessary? Not merely because there are twilight zones of legal uncertainty but because it cannot submit a plan of action to, and receive from Government a binding response. The American Bar Association, representing the legal experience of the profession during forty years of contact with the Anti-Trust Laws, suggests an administrative tribunal to which contracts or agreements affecting interstate commerce may be submitted, subject to legal review, for the determination of whether or not they threaten economic injury to the public under the law.

Where uncertainty halts honest and sincere cooperation, is it unreasonable to ask that when qualified private advice has been exhausted, the Government shall state its attitude? This does not involve a novel procedure nor threaten a responsible Government department with a multiplicity of inquiries. Throughout the country, the law officers of a city will cooperate with local merchants in determining the working application of an uncertain ordinance to a business operation. Reasonable administrative discretion will distinguish between the queries which are self-ascertainable and those involving a serious legal and economic problem. The answer once given by a responsible official ought to fix the attitude of the Government, while the contract or combination remains unchanged.

The President, in his last message, recommended that Congress "institute an inquiry into some aspects of the economic working" of the Anti-trust Laws. That is a practical suggestion of the first importance. It deserves both political and business consideration. There can be little progress unless there is a unification of business opinion as to what ought to be done in the public interest and a recognition of the limitations of probable political action.

Repeal or substantive amendment of the Sherman Act is neither possible nor

desirable. There have been and probably will be oppressive combinations threatening the freedom of trade and the trader. It is a necessary deterrent to their creation and action. The supplemental legislation in its train has added little save detail to its fundamental rule, while the chief suggestions offered for its substantive amendment contain new ambiguities and abandon the guidance supplied by forty years of interpretation. These are not lightly to be cast aside in exchange for standards which, in the language of Chief Justice Taft, would transform every judge and jury into a legislator. But this leaves a large and important field of administrative reform, both in the method of ascertaining the application of the law and the method of its enforcement. It suggests likewise consideration of the contribution which business men and organizations may make toward improved cooperation under the law.

Such a program of amelioration may, in the light of our experience and our present difficulties, suggest:

1. Inquiry by the Congress into a means of authorizing the submission of commercial contracts or combinations affecting interstate commerce to a department or tribunal of the Government in appropriate cases, especially within the natural resource industries. Whatever the body provided or the procedure prescribed, the Government's attitude should be determined. A favorable answer should render the petitioners immune to prosecution or litigation, while the approved action remains unchanged in terms or operative effect. This provides an expeditious and binding means of dissolving paralyzing business uncertainty. It provides an aid to the better administration of the law. It proposes questions not for judicial but for executive determination.

2. There will always remain serious and critical questions requiring judicial determination. Established cooperation between the Government and private litigants to secure such adjudication of close questions of superior importance would be a continuing contribution to the enlightenment of honest business and its adjustment to the requirements of the law.

3. Business, through trade organizations, should carry forward a continuing study of the rights of cooperation within the law. Government is the servant, not the master, of the Amer-

ican people. Rights are to be asserted and the vindication of the just limits of cooperation, with courage and intelligence, is the performance of a public duty. No question is more important than the ascertainment as to whether or not the cooperative control of a destructive surplus in a chronically over-produced industry is a restraint of trade or a protection and promotion of imperilled commerce.

4. Finally, it is the primary duty of business to correct recognized evils within its control. Within the liberalized limits of trade organizations and cooperation is an invaluable school for training, self-control and self-government within each industry. It is not merely the terms of the law but reciprocal distrust and a lack of ethical decency that prevents rational and legal trade cooperation. "Antitrust" is a state of mind not less than a state of law. No group of men could ever be successfully restrained to right trade action, by agreement who cannot learn to live a right trade life under a reasonable code of business ethics. Distrust disintegrates the individual elements of an industry, as mutual confidence and respect develops every worthy characteristic within a business group. Self restraint is the first principle of successful government in industry as it is in the political state. Unless men learn and practice limitations upon their individual business conduct within their trade, it will inevitably be imposed from without.

"Between the domain of freedom," declared Lord Moulton, "and that of law lies the unenforcible domain of manners." Within that area men pursue a course of conduct, not because they must but because they ought. No parliamentary statute but the law of the sea puts women and children in the boats first and controls the proprieties of life. The best measure of civilized progress is the size of the area of honorable but non-compulsory conduct. Its growth enlarges the field of freedom and restrains the threatening expansion of governmental interference. We want no enlargement of the detailed public supervision of private business. Our own determination to improve self-government in industry, under intelligent and honorable business leadership, is the surest guarantee for the rationalization of commercial activity and a lessened demand for the supervisory interference of the state.

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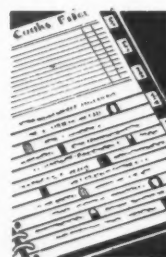
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silver: the lining or the cloud

(Continued from page 17)

of our wheat and cotton surpluses to China in exchange for a long-term silver bond. Both interest and principal on this bond would be payable in silver at a fixed rate of exchange. Those who sponsor this plan believe that it would have the following advantages: elimination of our wheat surplus; alleviating Chinese famine; establishment of a valuable friendship in the Far East; and finally, the establishment of a fair exchange value for silver, of which the United States is the second largest producer.

Representative of the opposing camp which believes that a great deal of unnecessary to-do is being made about the silver crisis is Sir Arthur Salter, eminent British economist and former director of the Economic and Financial Section of the League of Nations, who points out that even though China may represent one-fifth of the world's population, her normal imports are only 2½ per cent. of the world's exports, and that since the depression that percentage has been diminished only one-quarter and is still higher than it was in 1913.

Sir Arthur Salter believes that schemes for increasing the value of silver, such as the Brownell plan and the project of replacing nickel money and notes with silver, would cause silver first to be higher and then lower than it would otherwise have been. Regarding the advisability of a silver loan to China, he believes that if the silver were drawn from a reserve not used at present and used by China to purchase wheat or other commodities from a gold-standard country, the final effect would be to depress the present silver level. Sir Arthur feels that more attention should be paid to overcoming the technical flaws of silver such as its tendency to tarnish easily and thus make it a better medium of exchange.

Which group has the right on its side? Each is undoubtedly influenced to some degree by political or economic motives which are purely national. It is only natural that the silver miners of Utah and Nevada should be more interested in their marketless silver than in the decreased purchasing power of the Chinese. Will an International Conference on Silver help the situation? It should have some beneficial results if all the powers vitally interested, Great Britain, the United States and other attend. The moratorium on international debts and war reparations is monopoliz-

ing the attention of every government at the present time. Perhaps when the first enthusiasm over this project has died down, attention will be given to the problem of silver and its early solution.

N. A. C. M. vice-presidents

(Continued from page 18)

F. S. Hughes, credit manager of the Federal Reserve Bank of Boston, has been identified with many important activities of the N. A. C. M. Elected a director in 1928, he served two years of his term and was called to the vice-presidency last year. He was one of the leaders in the credit protection fund drives of the Association.

I. B. Davies, Bradley Knitting Company, Delavan, Wisconsin, the newly elected vice-president has a long record of service in the N. A. C. M. He was a national director from 1927 to 1930. He has also been a director of the Milwaukee Association and chairman of the Central Division Committee on Legislation.

E. D. Ross, Irwin-Hodson Company, Portland, Oregon, begins the second year of his third term as vice-president. He was a national director from 1924 to 1927, and was actively connected with the credit protection fund drives of the Association. He is a leader of the Portland Association of Credit Men.

the story of the convention

(Continued from page 21)

indictment of the unsound practices of the Soviet system and pointed out a course that this country must follow if it is to maintain the sound protection against the inroads of what he termed "unethical Soviet competition." Mr. Woll's complete address is published elsewhere in this issue.

Wednesday afternoon stands out as a bright spot of the Convention. The steamer "Allerton" was chartered especially for the Convention delegates who were taken on an afternoon and evening boat trip through the Boston harbor and up to Gloucester and back. It was a beautiful day and an unforgettable evening, brightened by an unforgettable sunset. The box lunches served on the boat trip brought exclamations of delight from every delegate.

On Thursday morning Alvan T. Si-

monds, President, Simonds Saw & Steel Company, Fitchburg, Massachusetts, talked on "Prices and Prosperity." He did not mince his words or beat around the bush in telling the Convention what he thought of some of the antiquated thinking and inefficient executive activities of American business men. His address was so good that it will be published in full in the next issue of CREDIT AND FINANCIAL MANAGEMENT.

Elisha Lee, Executive Vice President of the Pennsylvania Railroad, also spoke at the Thursday morning session on "The Transportation Situation and Business." He laid down a specific platform for a sound transportation program and every reader of CREDIT AND FINANCIAL MANAGEMENT will have an opportunity to study his admirable presentation in the next issue of this magazine.

Mr. C. F. Collison, Agricultural Editor of the Minneapolis Tribune, spoke for one hour and twenty minutes on "The Land of Milk and Money." When his address started he had a very good audience and when it ended his audience was even larger. His talk was illustrated by a series of pertinent and well done charts and the credit executives in attendance never had a better opportunity to get a thorough economic understanding of the agricultural and live-stock situation.

Thursday afternoon was the big election session. Dr. Julius Klein, Assistant Secretary of Commerce, Washington, opened the session with his address on "Factors in Business Recovery." Dr. Klein, as Dr. Miller had done earlier in the week, discoursed on the over-supply of prophets and prognosticators. He presented the fundamentals of business recovery and related those fundamentals to the depression through which we have just passed. In the next issue of this magazine Dr. Klein's address will be published in full and you will have an opportunity to study his sound and comprehensive analysis on the factors guaranteeing business recovery.

Mr. Henry H. Heimann of Niles, Michigan, was elected President of the Association. Mr. E. Don Ross of Portland, Oregon, and Mr. F. S. Hughes of Boston were reelected as Vice Presidents. Mr. I. B. Davies of Delavan, Wisconsin, was elected Vice President to succeed Mr. Heimann. After the election of officers, the Dallas convention closing session precedent was followed: the lights were turned off in the Ball Room, a spot light was fixed on a large back-

drop on which were printed the words of Auld Lang Syne. Everyone on the platform joined hands and everyone in the audience joined hands and sang that famous old song.

On Thursday evening the Bankers' Group Dinner and the Credit Women's Dinner were held in the Hotel Statler. Dr. John Nicol Mark of Boston and Professor Arthur S. Dewing of the Harvard School of Business Administration, spoke to the Bankers' group. Honorable Sybil Holmes, Assistant Attorney General, talked to the Credit Women on "Woman's Sphere in the Business World," and Mrs. William Fraser, wife of the Association President, gave an address on "Credit."

Friday morning the Credit Congress of Industry convened and after an introductory address by Dr. Stephen I. Miller on the Credit Congress of Industry, Mr. James A. Emery, General Counsel of the National Association of Manufacturers, gave an address on "Business Recovery and the Anti-Trust Laws," which is printed elsewhere in this issue.

Honorable Frederick H. Payne, the Assistant Secretary of War was the next speaker and had as his subject "Mobilization of Industry in a National Emergency."

L. I. MacQueen, Executive Secretary of the Pittsburgh Builders Supply Club, gave a presentation on "Creative Credit Through Group Control." Following his talk the general session dispersed to individual group meetings which were held throughout Friday afternoon and into Saturday morning.

credit men can end depression

(Continued from page 23)

had to be halted or mass consumption had to be advanced, whether the masses had enough ready money available or not. And mass production could not well be halted. It was scientific. It was based from the ground up upon fact-finding. It was enormously successful. But it could not be profitable unless more and more of the masses somehow managed to buy more and more of the things they wanted and were engaged in making.

Instalment selling was therefore resorted to. If something of the sort had not been resorted to, our business mechanism must have met disaster many

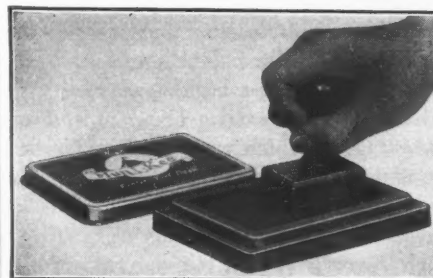
years before it did. Business consists of production, distribution and credit; and let any one of these outrun any other and something must necessarily break. Something, in fact, did break in 1929: for with higher wages, lower prices, instalment selling and all, production still so far outstripped the ability of the masses to buy what was being produced that production had to slow down.

Now, if production could only slow down to wait for buying power to catch up to it, slowing down might seem to be the answer. But when production slows down, buying power wanes. Wages and profits both tend to vanish. The inevitable result is that production must slow down still more: and if business were what it is often supposed to be, we could never get out of one of these business depressions. For when the market sagged, we would have to lay off workers; and when the workers were laid off, the market would sag still more, hence we would have to lay off more workers, and make things still worse, until eventually there would be no wages and no profits for anyone.

But business is something more than the manufacture and interchange of goods for immediate value received. Business consists of production, distribution and credit. Through credit, we express our faith in one another—faith in our ability to make good upon our promise. We do not make good and then get credit. We get credit and are therefore enabled to make good.

Mr. Morgan was correct in saying that character is the foundation of credit. But credit in this machine age depends upon the character of this machine age; and it is characteristic of this machine age that we make our living and produce the bulk of our wealth by a different form of human organization, and through a different set of human relationships, than the world ever knew before this generation.

When the best known method of getting a living was for little groups, called families, to wrest it directly from the patch of land upon which they squatted, the ownership of land and the possession of a large family with which to till it became accepted very properly as the best security for credit. Today, a man with a large family and lots of soil may not be able to borrow very much: and an eccentric bachelor with a queer hunch about television may be considered a much better risk. The man with the dirt and the children may have an



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excellent character too: but if he is to get much credit in this machine age, his character must harmonize with the character of this age. This happens to be an age in which great wealth may be produced by the perfection of television, while there is little chance of anyone's either enriching the world or getting rich himself by running an old-fashioned farm.

It seemed, when instalment selling was suddenly developed that the buyers (actually borrowers) could give no real security at all. The seller, to be sure, kept the right of repossession: but business needed to sell more goods, not to repossess them. Now, it was difficult to see that more goods could be disposed of by a process which, it was claimed, must compel each purchaser, if he paid his debts, to buy less later on. It was said that the purchasers were merely "mortgaging their future," but let us see. They had no collateral, to be sure, excepting the very things which they were buying, but they had jobs. They didn't even own their jobs, but there was every likelihood that they would not lose them if enough buying were done.

So millions were induced to buy, on the instalment plan, billions of dollars worth of goods which they could not immediately pay for: and because they spent these billions annually upon things which they couldn't pay for, they retained their jobs and were able eventually to pay for their purchases.

This isn't theory. This happened—is happening. Billions of dollars worth of things that people wanted were actually brought into existence by this plan of instalment credit. If the masses had *not* bought these things which they did not have sufficient cash to buy, they would have mortgaged their future with a vengeance. They at least had a lease of several years of prosperity; and no one will question, I think, that even a few years of prosperity are better than none at all.

It turned out after all that these masses of instalment buyers could and did offer a kind of security worth looking into, totally aside from this right, held by the seller, to recapture the goods which, if they had been generally recaptured, would have revived the recapturers. It is a source of security which has scarcely been tapped as yet: and those who are interested in credit in the machine age will do well to study it more thoroughly. It is the security of actual participation in the machine processes—it is the *security of the job*.

I do not mean that instalment buying can be developed without limit. I mean

merely that if we really understand why it worked to the degree to which it did work, we have a key to an understanding of our greatest credit problems. Unemployment, we all know, is disastrous: but the only way that unemployment can be abolished is through more buying, and the only way that more buying can be insured is through an extension of buying power. The advent of mass production marks a turning point in human history. It marks a point when all business progress depends upon the masses buying more and more. The rich can no longer absorb the products which the now known methods of industry enable us to make. We must look to the masses to buy it and the masses must be enabled to buy it, or our whole machine civilization must collapse.

This was not apparent before, for most understandable reasons. For the building up of the machine civilization itself required capital in such high volume that it seemed necessary to devote the earnings of industry very largely to the launching of more industries—of more production. The building of each additional factory meant more business and more employment in many other industries. Production itself furnished such a large market for production that the necessity for higher standards of living did not become apparent.

In Russia today, for instance, where machine industry is in the making, there is of necessity a low standard of living: for the masses are not generally employed in making things to use personally but in the making of factories in which to make such things, and the dictatorship of the proletariat would be as alarmed as were the ancient capitalists if the proletariat were to go on strike for higher standards of living now. Similarly, it was not only natural but inevitable in America that the controllers of credit should have concentrated up to very recent times upon the necessity of everybody's saving his money and putting it in the bank, instead of squandering it for comforts and luxuries. If the masses bought things and consumed them it was preached and believed, that is all that they would ever have for their money: whereas, if they put their money in the bank, it would be used to extend credit to business enterprises; and the transaction would be so profitable in the long run that the banker could guarantee the depositor steady interest.

This was the spirit of credit, not in the machine age, but in the age when the machine was in the making. Finance itself came to be understood as the financing of production. But just as it was once necessary to scrap many ancient traditions of credit so that the machine age might get a start, it has now become vitally necessary to scrap the traditions of the age just passed and to think of credit in terms of the present and coming stages of machine development.

Many superficial observers supposed that our worst troubles were over several years ago when sale of stocks to employees became so popular and millions of Americans, through the purchase of Liberty Bonds, developed the habit of investing their surpluses in securities. If everybody would only invest his money wisely, it was thought, everybody might now become a successful capitalist.

They failed to note that, if the masses put their money into stocks, they must do so by going without certain comforts and luxuries; and that the thing which caused these stocks to pay such dividends was that the masses were buying these comforts and luxuries instead of saving their money or investing it.

Eventually, however, the masses took the tip. They decided to buy stocks, instead of things, and the stock-market boomed as never before. Stocks went up. They continued to rise: and they rose so rapidly that it was possible to buy them one day and sell them the next and make a handsome profit. Instead of falling then, however, they continued to rise. They couldn't help it, with so many new bidders—millions and millions of people who had never dreamed of speculating in stocks before.

And because they continued to go up, some leading economists figured it out that they might always go up now. They talked about a New Era. Actually, we were in a New Era; nevertheless, they didn't know what they were talking about. They said the day of the business cycle was over. Actually, if we had only understood what was happening and why, we might have ended the old business cycle and stabilized prosperity on a constant up-grade. But not, surely, through the masses going without electric refrigerators in order to invest in more electric refrigerator factories which could not make a profit now unless more and more of the masses

bought electric refrigerators.

The problem before America at the time was the financing of more consumption. It was met by a veritable stampede on the part of the masses in the direction of the financing of more and more production. But more production was not financed. The only way that more production could have been financed at this stage of the machine age was through more buying of goods. The masses, by their buying of securities instead of goods actually financed themselves out of a job.

Now, I am not blaming the masses for this. It was all quite natural, considering what their financial education had been and the *propaganda they were up against*. This was the machine age; and they knew enough about the machine age to know that it was capable of producing wealth in almost magical volume. Naturally, they wanted a piece of it, and they had always been taught that the way to get rich was through saving their money and investing it, not through spending it for things they happened to want.

Nor am I blaming the persons who taught them this: for the lesson they taught was more or less true when they first set about to teach it. Nor am I suggesting that the problem of credit is now a simple one which the credit men of America should be expected to solve overnight. It is a problem so vast and complicated that it will require the best thinking that we all can put into it: but it is of such vital importance to all society that I congratulate the credit men of America on the great opportunity before them to work it out successfully.

It can not, I know, be solved by any concerted effort in the direction of less production. It must be solved through production for the masses on a scale which we have never known. It must be solved partly through lower and lower prices, enabling more and more buying. It must be solved partly through higher and higher wages, providing more and more buying power. And it must be solved partly through a shorter and shorter work period, providing more leisure for the masses, more time in which to buy and use the things we have now learned how to make so abundantly. Moreover, unemployment can no longer be tolerated, nor wasteful employment. Business must more and more be approached in terms of employment—of organizing the employment of workers no longer needed in the performance of other duties in the most scientific production and distribution of

things it was never possible for the masses to have before.

But even if all employers were to work in this direction, there would still be a great and necessary part which only credit men can play. Wages, for instance, while they must rise as production rises, can not be adjusted daily. Nor can prices. Great industries, in fact, must continue to fluctuate in accordance with the fluctuations of human needs, even of human tastes. These fluctuations make adjustments neces-

sary—and it is well that they should, for business must not become a rigid routine mechanism—but they must not be allowed to throw the whole machine civilization into a tail-spin. There must be a new application of credit, particularly consumer credit, to cover adequately all emergencies when lessened buying would otherwise set in.

We may talk glibly, and we often do, about limiting production to consumption, whenever production outruns the existing capacity of the public, not to

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consume, but to buy. There are just two objections to such a proposal. In the first place, it is against common sense. In the second place, it can't be done anyway: for it is contrary to the laws of human nature; not merely contrary to the nature of the masses who want to consume this surplus, since ways and means of producing it have been discovered, but contrary to the nature of every live business man.

We can not stop producers from discovering more successful methods, nor from applying them. If they are discovered and applied, however, there will be increased production, and there must be more buying if this increased production is to be profitable. But while it is second nature to a business man to increase production if he can, it is not second nature to him—at least not yet—to increase wages immediately in accordance with this increased productivity. But if wages are not increased at such times, business crises like the present are bound to occur.

Here, then, is the great problem for the credit men at this particular stage of machine development. How may sufficient credit be extended at times when better business methods have so increased production that increased buying is an absolute business necessity?

I have no pet scheme to advance as to how adequate consumer credit may be supplied. The necessity for it, however, must be obvious: for more production now depends upon more consumption. That adequate security may be found for adequate consumer credit must also be obvious: for more buying insures more employment and more ability to pay.

Something can be accomplished, I am sure, if credit men who are extending credit to producers thoroughly understand the necessity for higher wages as production is increased. They must see that the wage problem is not a mere production problem, nor a mere problem of maintaining pleasant human relations in the factory. It is also a problem of maintaining business, of maintaining employment, of maintaining the ability of producers to sell increasing quantities of goods and thus of insuring greater and greater profits.

When credit men come to understand this clearly, they will rightfully insist, as a matter of financial soundness, that

wages must continually be raised as better and better methods increase production; and they will call a halt on the credit of employers whose wages are dangerously low.

Much may be accomplished, also, by a thorough examination of the whole small loan business, which has had such an enormous development of late. The security for these loans usually is the borrower's job, plus a co-maker's note or chattel mortgage. The interest rates seem to vary from the low rates so successfully demanded by the credit unions to 3,600 per cent which at least one loan shark has been known to charge: but many legitimate small loan companies and many old established banks are now doing a large and profitable business in this relatively new field, and the economic lessons involved need most careful study.

How far are these organizations meeting the need for more consumer credit? How far are small loans preventing serious breakdowns, and the exodus of the victims both as producers and as adequate consumers? We must admit, surely, that there are emergencies in the lives of the masses which require small loans, just as there are emergencies in most of our going and even profitable business enterprises, which would cease to be going and profitable, however, if loans could not be obtained when they were needed.

There is no reason to assume that emergency loans to the masses may not be as good for the masses as emergency loans to business are good for business: and loans to the masses, surely, would be good for business if they keep the masses buying in sufficient quantities so that they will be assured of continued employment and be enabled therefore to pay their debts.

But if this small loan business is sound, as it apparently is, why should there be high interest rates? Could not the rates be lowered, and very decidedly lowered, in everybody's interest? For it would not only benefit the borrower, but it would make him even more certain of being able to meet his obligations, automatically adding to the security of the loan: it should be of equal benefit to the lender: for, with adequately low rates, the masses might become borrowers, and Mass Credit may duplicate the success of Mass Production, while enabling production once more to expand.

In the present depression, surely, there is no dearth of money. I know of no bankers who are complaining that they have no money to spare for loans. Their grievance is that those who want to borrow can not furnish adequate security, and those to whom they would gladly lend money have no use for it as they are already equipped to manufacture more goods than they can sell. I can think of no other solution of such a credit crisis than that would-be buyers shall be given the power to buy.

Only expert, fact-finding credit men who approach this problem constructively can solve it: but if they do not solve it we may be sure that inexpert, incompetent dreamers and demagogues will step in with their proposals. Because credit men have not solved the problem when it might have been solved, all sorts of irrational credit proposals will be advanced and will be sure to get a hearing. The government will be petitioned to broadcast money by every conceivable ruse, on the theory that anything that will lead to larger buying will save the situation. Credit men know better. They know that almost all such proposals are unsound: but they do not always remember that the proposals get a hearing because the times demand increased buying and no sound way to assure such an increase has been provided.

This job can be done, adequately and safely. Consumer credit, properly advanced, will pay: for it will be in line with the inevitable advance of mass production, which is founded on fact-finding and can not be halted because we can not quit discovering facts. Merely throwing money around will not solve the problem: for money spent in haphazard traditional fashion may only finance haphazard traditional industry, with its low wages, high cost of production, scandalously wasteful methods of distribution and therefore irrationally high prices. But the financing of the masses to buy the things which they need and want, at the lowest prices at which they can be produced, and therefore under the best and most efficient system of production, which happens to be the high-wage system, will not only solve the immediate problem of business but will keep the masses so profitably employed that they can and will repay all loans. The machine age, if we study it for what it is, instead of trying to measure it by the traditions of ages that are passing away, offers abundant security.

think!

(Continued from page 25)

tion of truth which I have practically demonstrated in action. All problems have been alike to me since I have made its practice an inviolable rule of my own thinking. It has taken me all over five continents and simplified beyond measure my own handling of greatly varied problems. It has shown me beyond a doubt that all problems are alike in the fundamental thinking involved. Of course details differ but these fade into almost complete insignificance by comparison with the motive and method in the mind of the man on the job. The inanimate materials and minor details will act like soldiers in answer to the command of the "measuring stick" when applied with sufficient intestinal fortitude.

One of its finest effects is to hold down the liabilities in my personality and character and throw up the assets. When I am *exclusively* searching for an object there is a marvellous integration of all my past experience thrown up by the subconscious and the only value of past experience is to throw light upon present and future problems. In other words I am using *all* of my experience in *each* of these three steps . . . A colossal advantage.

We shall now proceed to the performance stage which has been immeasurably simplified by this kind of preparation. In the small amount of space which remains I will explain what the "measuring stick" has taught me about any kind of big or little job which any kind of a human being may hold. Following the tracks of the great artists we shall tackle the larger masses first and then perceive that little else remains to be done except the obvious.

Please challenge this statement deeply . . . I am convinced that it is true but it is not useful until it becomes the personalized possession through personal thinking on the part of the individual who desires to earn its dividends. There are only two larger masses involved in the analysis of any kind of business or industrial "job," motion is one of them, emotion is the other. When the motions, movements, or steps, involved in any job are recorded, analyzed, challenged, and the results of these investigations are transformed into standard practice an altogether greater degree of skill is attained. When the emotions involved are similarly handled the result is the open door to leadership through mastery in the greatest of the business sciences, the science of human relations.

The objective of any job holder should be the attainment of the highest skill at his job. That is the first step towards something better. He should also aim to become a leader through learning something valuable and definite about what constitutes a good leader. This entails a study of the arts of selection, correction, instruction, inspiration and research.

The major resistances can be easily recorded. Not one per cent. of companies possesses a reasonably good "job analysis." My own experience goes a little distance towards proving this. Never even once in twenty-five years of living and working on five continents has any company given to me a booklet in which I could read of the precise steps involved in the best performance of the job which they had hired me to do. They wanted to earn dividends from my services yet they did not do anything very material in the direction of removing costly trial and error from my job. What they lacked was an analysis of their own jobs as leaders. The difference between average and best workers in every class is tremen-

dous. Executives should "can" the best practices involved in every class of job in printed form so that the result may aid them in building their earnings. These booklets when handed to each new employee would have good results. The majority of older employees are also in great need of such instruction.

Only a small percentage of individual workers apply the measuring stick to their own jobs to offset this lack on the part of their leaders. Any worker quite irrespective of his scholastic education can build himself a wonderful future by the following procedure followed with self discipline.

He should purchase a book in which he will keep the following written records for personal study. When subject to daily analysis these records will first lead to great skill at the present job. When he has taught himself scientifically he will know how to teach others and inspire them to better work without preaching loyalty as a substitute.

He should write on the cover of that book these words: My Life—What I Am Going To Do With It. On the first page he should write down the follow-

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INCORPORATED - 1872

HOME OFFICE, One Liberty Street, NEW YORK CITY
WESTERN DEPARTMENT, 310 S. Michigan Avenue, CHICAGO, ILL.
PACIFIC DEPARTMENT, 233 Sansome Street, SAN FRANCISCO, CAL.

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ing statement: Every limitation which is imposed upon me is self imposed. I will become the architect of my own destiny through daily studies in motion and emotion. All limitations can be removed by improving my thinking. He should make the first heading: My Motion Studies of Three Jobs:—my own job, the job of the man ahead, the job of the man below.

When the steps involved in present performance of these three jobs are recorded then the challenging begins. Can they be added to, subtracted from, or rearranged with advantage to the result attained? In a short time that man will be master of his own job, able to help the man ahead when under pressure, able to instruct his own new helpers. He will have acquired one of the most valuable of business habits, that of looking for indirectness and overlapping in present performance. He will have ideas of value to his company or some large company.

A second heading should be made: My Studies In Emotion, to lead me to promotion and leadership. Watch the boss in action. When he does something which pleases a customer so much that he wants to broadcast it write that down in your book. It will earn a dividend for you as well. When he does something which makes workers want to give their best write that down for future use. When he does the opposite of those things write them down. You can, if you will, possess all of his assets and none of his liabilities in the field of human relations.

Most people do not have the time or inclination to study abstract psychology but this is a shorter and more reliable route to a practical result. Record significant human actions. Watch for the reaction. If a different result is desired reverse the action which produced the unsatisfying result.

If you have time for another simple set of records then keep this one. Business success is a triangular study in human relationships: Relations with customers and prospective customers, relations with fellow workers, relations with stockholders.

Tremendous dividends may be earned through a concentrated and separate recording under these three headings: What can be done to make existing customers into broadcasters of goodwill so that they are breeders of new customers? What can be done to build organization efficiency and morale? What can be done to make our stockholders help in the earning of their dividends?

Dig in the reference library, ask the right question of the right person, watch for intelligent things which are already being done, think out some good ones yourself. Record in the book every dividend earning idea in these three fields. Impress them on your mind . . . These things spell progress.

There is no space to tell of the colossal mistakes which I made and paid in full for until I was commanded through needless pain to search for a "measuring stick" to build my thinking power and to reduce my fears. In all sincerity I can enthusiastically tell you that it has improved my performances in every side of life and greater than all these things it has enabled me to see God.

hunting out minor loss

(Continued from page 27)

be systematized. Simple time and motion studies can be profitably applied to almost every office job. The detail work of even such an individualistic task as auditing can be standardized. A large chain store corporation watched accountants checking invoices for audit. They found that, by consolidating certain checkings, duplicated motions were eliminated and the time for performing this work was reduced one-third. Which emphasizes the fact that there is a standard of performance for practically every job that does not involve the origination and execution of abstract ideas. It should be found and maintained.

It is, however, unfair to set job standards and not provide adequate equipment and facilities for the carrying out of these standards. If, for instance, typing production is to be increased, thought should be given to posture chairs and desks of correct height. The efficiency of typewriters should be considered. A typist exerts an effort equal to lifting several tons daily. An average of about 75,000 key depressions is usual and there is about 2 pounds pressure exerted each time. Modern typewriters are designed to lessen the amount of pressure per depression as well as greatly reduce the noise of operation. Yet executives who will, without thought, trade in a mechanically useable car for an improved model, often cling to relatively obsolete typewriters which may be a hindrance in maintaining the highest production quota. Whether new equipment is, or is not, indicated in any given case depends upon many factors.

But it is certainly a point worth analyzing.

A definite usefulness may be gained, under certain conditions, through the use of portable typewriters as auxiliary executive aids. For typing random notes, for confidential memoranda about bonus and sales plans or other policy matters which are to be strictly withheld from the general force until a definite date, the portable has a definite value. They have been found to justify their nominal investment in many modern offices.

One point that is neglected in many offices and yet seems to have a relation to efficiency is the matter of having uniform equipment. Even in relatively small items such as letter trays, rubber stamp racks, stamp pads, numbering machines, daters, paper clip containers, etc., I believe that uniformity has certain advantages. Soldiers are not only drilled thoroughly, they are given identical equipment. Apart from the fact that such equipment is readily interchangeable, there is some psychological advantage in this. Every one is on an equal basis. There is no room for argument that one has a better gadget than the other. There is no opportunity for the mistaken display of personal whims, which in the great majority of cases, are entirely without a logical basis. An office, for example, that uses some wire letter trays, some solid ones, some in walnut, some in mahogany presents a confused and disorderly looking picture. To what extent this might be reflected in an employee's outlook it is difficult to determine. It would seem, however, that, in general, a disorderly atmosphere is conducive to slipshod thinking and careless methods.

Genius, in general, may or may not be concerned with perfection in trifles; but it is an indisputable fact that every business which has achieved its fullest measure of success has thought no task too trivial to study, to analyze and to accomplish in the best possible way.

The modern office cannot afford to overlook trifles. It cannot afford to operate by custom and precedent. It must be run on as nearly a scientific basis as is possible. And this attitude should extend down to pins and up to the major matters of management policy. Furthermore, I would like to again emphatically deny that such a basis partakes of anything that is "inhuman" in nature. For every employee works bet-

(Continued on page 56)

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Within the past year creditor interest was served to extraordinary advantage by one of our Bureaus in a great Eastern market. A manufacturing firm with liabilities running well into six figures was ready for bankruptcy. An assignment was executed to the Bureau. Inventory, as usual, showed assets far below book values. Yet 85.52% of accounts receivable were collected and sale of merchandise and other assets brought a sum equal to 70.51% of listed assets. Unsecured creditors received 66.16% of their claims.

CREDITORS of all types including salary claims, preferred claims, taxes, etc., received 90.2% of the cash estate. Administration expenses amounted to 4.6%. The Bureau received 5.92% for its fees, collection charges, custodian's time, etc. A few months only were needed for the liquidation.

SUCCESS in this liquidation was not due to luck or to any hazard of fortune. The Bureau Manager got on the job. One hundred and fifty creditors were lined up for united action. A strong creditors' committee was appointed to assist. There were no technical delays. Substantial dividends were paid creditors within sixty days.

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answers to

■ ■ credit questions ■ ■

Conducted by W. C. Foster

Rights of a Shipper

Q. Please advise what the rights of a shipper are where merchandise is delivered by a carrier, freight paid, to destination, and arrives at its destination after the consignee has gone into bankruptcy and a receiver has been appointed.

A. Unless the title to the merchandise has been retained by the shipper pursuant to a conditional sale contract or similar instrument, or has been shipped sight draft attached to bill of lading, etc., title passes to the buyer upon delivery to the carrier.

If a petition in bankruptcy is filed against the consignee before the goods are delivered, title to the merchandise nevertheless passes to the consignee and it is the duty of the receiver to take possession of the property. A receiver in bankruptcy has no title to the bankrupt's estate, but title remains in the bankrupt until the election of a trustee at which time the trustee takes title as of the date of adjudication.

If, however, the goods were sold on credit, and the consignee is adjudicated bankrupt before the goods arrive at their destination, or shortly thereafter, the shipper may maintain reclamation proceedings to recover the merchandise from the possession of the receiver, if he can show that at the time the goods were ordered the bankrupt had no reasonable expectation of being able to pay for them upon delivery.

Trade Acceptances

Q. Where a statement is sent to a customer showing open account only, when in reality there are a note and trade acceptances payable against him, could the customer disclaim such indebtedness because of failure to enter them on the bill?

A. In our opinion, no trouble can result from failure to record on a bill sent to a customer notes and trade acceptances payable in addition to open accounts payable. A creditor can render a bill for anything that is owing, or part of it, or render no bill at all, and the indebtedness will not be affected. In other words, the debt is not dependent upon the rendition of a bill to open the contractual relations that precede.

Notes

Q. Where a concern has an endorsed note and received from the maker of the note on the date of maturity a check in payment thereof, if the check is protested for non-payment can the endorser still be held if immediately notified that the check has been so protested?

A. Under the provisions of the Negotiable Instruments Law, notice of dishonor is required to be given with reasonable diligence and where the person giving and the person to receive notice reside in the same place, the notice must be given on the date following the dishonor of the instrument.

Where the parties reside in different places, the notice must be deposited in the mail the date following the date of dishonor. Delay in giving notice of dishonor is excused, however, when the delay is caused by circumstances beyond the control of the holder and not imputable to his default, misconduct or negligence.

The question of reasonable diligence is one of fact and in our opinion failure to give notice of dishonor until after receiving notice of protest of a check received in payment of a promissory note would be excusable delay.

addresses wanted

BERHAYON, ABRAHAM, Prop., La Borona Cigar Company, 158 North 8th Street, Philadelphia, Penna.
BILLUS, CHRIST, 8166 So. Ashland Ave., Chicago, Ill.
BRAMMER, R. J., painter and decorator, formerly of Waterville, Kansas.

COOPER, CHARLES S., last known address was 4th Street and Hillcrest Avenue, B'klyn, Md. Believed to have left for Florida.

FULMER, ANTHONY, 1257 Auld Street, Alliance, Ohio.

HALE, ALVIN J., formerly with Kroger Grocery & Baking Company, Roanoke, Va. Later with Kroger in Louisville, Ky.

JOHNSON, PAT, Delicious Cream Doughnut Company, located at 1519 Gaines Street, Little Rock, Arkansas. Last in business at that point April 11th, 1931.

MICHELSON, I., doing business under the name of M. Michelson, Clematis Street, West Palm Beach, Florida. (Conducted a retail shoe store.) Said to be residing in Baltimore or Washington.

MOCK, JOHN, c/o Busy Bee Cleaning & Dyeing Company, 239 Penn Avenue, Fairmont, W. Va.

RUBINS, C. R., formerly in business at 51 East 167th Street, N. Y. City, in the trunk and leather line.

RUTTER, WILLIAM, painter and decorator, formerly at 646 Arbor Avenue, Indianapolis, Ind.

SMITH, FRANK, painter and decorator, formerly at 2805 Jackson Street, Indianapolis, Ind.

SMITH, HORACE, painter and decorator, formerly 2512 W. 24th Street, Oklahoma City, Okla.

TAFT, L. W., formerly doing business as Avenue Auto Paint Shop, 834 S. 36th Street, South Bend, Ind. Later reported located at General Delivery, Lansing, Michigan.

VARNADO, RAY, Prop. Coney Island Cafe, operated in May, 1929, at 704 Main Street, Columbia, Miss. Supposed to have left for New Orleans, La.

WRIGHT, R. B., 312 N. Boulder, Tulsa, Oklahoma.

WEBER, H., formerly of Tucson, Arizona.

WEIGMAN, ERIC, formerly located at 2149 W. Huron Street, Chicago.

hunting out minor loss

(Continued from page 54)

ter, with less physical and mental fatigue, when routine work is done in an organized way.

As a first step towards reducing overhead costs through organization of work and the use of the many excellent office devices available, I would suggest a simple inventory of the small equipment used by each employee, showing name of device, function and, if possible, length of time in use. Then, by making simple studies of various jobs it can readily be determined whether new equipment would justify the investment required in the decreased time and increased output that would result. Or it may be found that present methods are at fault and that present equipment is more than adequate.

As a general suggestion of a method that might be adapted, let us consider the sealing of envelopes in small quantities by hand sealers. There are various types of hand sealers on the market, ranging in price from a few cents to several dollars. Because of the higher speed possible, one of these devices which cost, say, ten dollars, might be a better investment than three which cost, say, fifty cents each. For the capacity of the expensive sealer might exceed that of the three cheap ones. One girl might be able to do the work of three in as little time as is now spent by each girl. On the other hand, the volume of seal-

ing done outside of the regular mailing department might be so small that such an investment would not be justified. No fixed rules can be laid down that such and such devices should be purchased, unless one has knowledge of all conditions. But the generality may be permitted that executives often overlook many valuable auxiliary aids to office economy found in the smaller items of equipment.

The unimportant is most important. Because a stamp pad was too dry and a rubber stamp too worn, records have been mixed up, discounts lost and employees' time squandered in digging out original data. Because no one is responsible for regularly inking check writers, more than half of the checks issued today are so faintly written that they defeat the very purpose of the devices on which they are made, namely the protection of checks. Because of a few cents saved on buying needed desk racks, hours of time are consumed in pawing through papers. Because a time stamp was not in order—or it was not thought necessary to have one because mail was not heavy—proof is lacking to show *exactly* when the order, cancellation or complaint was received. These are a few random examples selected from first hand knowledge. They could be multiplied indefinitely. Doubtless every reader of this article could supply many examples of expensive economy from his own experience.

Perhaps the most costly of all such practises is that of buying second-hand equipment because it is "cheaper." Factory re-built and inspected equipment has an undoubted usefulness. Under certain conditions such as, for instance, intermittent operation or small volume of work, rebuilt equipment may prove very satisfactory. But second-hand machines as a fixed purchasing policy practically always result in second-hand attention to work and a great deal of general carelessness. I have repeatedly found, for example, that stenographers and typists become disheartened with old machines and do not put forth their best efforts. By switching machines the functioning and morale of an entire department is often radically changed.

When the matter is boiled down the residue we find is simply common sense. There is no fixed recipe for efficient office management. I am disinclined to favor iron bound rules or didactic laws. Sir Joshua Reynolds, the portrait painter, was once asked by a novice, "With what do you mix your paints, sir, to get such wonderful effects?" "With brains, sir,"

replied the painter. And this is the answer to the economical functioning of the office—methods mixed with brains.

No office is ever perfect. The operation of every office can be improved. Sometimes minor changes produce startling economies. But the problem should not be attacked by jumping now here, now there and trying to lop off a few items of specific budgets. The problem must be approached as a whole. Only in this way can correct remedies be devised to overcome the basic causes of waste.

If management will keep one thing in mind, namely that change is the only constant factor in business, it will take a big forward step towards economical operation. Tomorrow is the day for which to plan. Yesterday is only worth while as a record of mistakes not to be repeated. Today is already gone. With this alertness, a recognition of the fact that there are no trifles in business and an approach to all management problems based only on facts, the present excessive waste will be eliminated from offices and an army of now idle dollars will be drafted for the army of profits, where they belong.

1931 business show

(Continued from page 31)

H. C. Cook Company had Thomas Groom & Company exhibiting their file signal equipment designed to meet every demand for Credit, Follow-up, Collection, Cost, Data and other related routine matters. The Thomas Groom Company display demonstrated graphically the advantages of Cook's File Signals on credit records.

One fact which visibly impressed a number of the visitors to this booth was that Cook's File Signals are recommended by most manufacturers of visible systems, because they are easily attached, cannot accidentally slip or snap off, and do not catch the edges of other cards or sheets in file. These signals are furnished plain or printed with dates, months, alphabets and numerals.

The American Clip Company had Mr. Paddock demonstrate their line of Acco cover and record filing equipment. The covers preserve and protect credit records which are vital in the proper administration of the department. The Acco prong binders for record filing were displayed featuring their use in securing filing safety.

The exhibit of Acco Products demon-

strated clearly that this concern has made a very detailed and comprehensive study of the filing problems peculiar to the credit fraternity, no matter in what field they are present. Several of the Robert Morris Associates were particularly impressed with the new prong binder which Acco has developed for the banking field.

Directors, 1931-1932

W. K. ADAMS	First Wisconsin National Bank	Milwaukee, Wis.
HOWARD S. ALMY	Collyer Insulated Wire Co.	Providence, R. I.
J. A. BOND	Standard Oil Co. of California	San Francisco, Calif.
ALBERT C. BURCHETT	Bank of Commerce & Trust Co.	Memphis, Tenn.
HENRY W. CLAUSEN	The C. D. Osborn Co.	2201 Wabansia Avenue, Chicago, Ill.
GEORGE DECAMP	Federal Reserve Bank	Cleveland, Ohio
L. T. DYSART	Graybar Electric Company	Dallas, Texas
JOHN W. FITZGERALD	William Iselin & Co.	26th St. and 4th Ave., New York City
CLARK H. HOGAN	Carroll, Brough, Robinson	Oklahoma City, Okla.
W. R. HUMPHREYS	Integrity Trust Company	Philadelphia, Pa.
E. B. HUTCHECK	Old National Bank & Union Trust Co.	Spokane, Wash.
F. G. KELLOGG	Morris Sanford Company	Cedar Rapids, Iowa
W. L. MACKEY	Stone-Ordean-Wells Co.	Duluth, Minn.
P. M. MILLIANS	Ernest L. Rhodes Co., Inc.	Atlanta, Ga.
A. J. PEOPLES	The American Brass Co.	Detroit, Mich.
EDWARD PILSBURY	B. Rosenberg & Sons, Inc.	New Orleans, La.
J. M. RUST	Union Oil Co.	Los Angeles, Calif.
R. T. SMITH	Poland Coal Co.	Pittsburg, Pa.
F. S. WALDEN	Strevell-Paterson Hardware Co.	Salt Lake City, Utah
LISTER T. WATTS	Standard Oil Co. of New Jersey	Washington, D. C.
C. W. WHITE	The Logan Company	Louisville, Ky.
JOHN H. WILES	Loose-Wiles Biscuit Co.	Kansas City, Mo.
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COURT DECISIONS AND WASHINGTON NOTES



VOLUNTARY INSOLVENCY. CONCEALMENT. DEGREE OF PROOF (N. Y.).

This is a petition to review an order of the referee, directing the bankrupt, Julius Ginsburg, to turn over to the trustee in bankruptcy underwear, gloves and dry goods of the value of \$13,424.86. The propriety of the order is attacked by the bankrupt. The petition in bankruptcy was voluntary. The only matters in which the referee refused to follow Ginsburg were in his blanket denial of concealment and in his vague claims of sales at a loss. With the allowances made by the referee, he arrived at an unexplained shortage of \$13,424.86, which he ordered Ginsburg to turn over. It is contended in behalf of Ginsburg that the proof offered by the trustee was not of the clear and convincing character required in such cases, and that the referee disregarded the rule laid down in *Oriel vs. Russell*, 278 U. S. 358. The criticism is made that the case against the bankrupt was built up solely by an accountant.

Held, that the order of the referee is sustained by the proof. The figures used by the accountant, except for the trifling value given to the goods passing to the receiver, were the bankrupt's own figures, and the calculation was not a complex one. This court does not regard the *Oriel* case as discountenancing proof of this kind or as requiring from now on the testimony of unimpeachable eyewitnesses who saw the bankrupt removing his goods by stealth. The general rule requires proof of a clear and convincing character, a means between the extremes of mere preponderance and proof beyond reasonable doubt. The referee gave full effect to the *Oriel* case when he went along with the bankrupt as to every matter in which the latter gave any tangible figures tending to explain the large discrepancy, and this despite the poor opinion which he had formed of the bankrupt's credibility. Petition to review the order dismissed. *Matter of Ginsburg*. U. S. Dist. Ct. So. Dist. of New York. Decided March 24, 1931.

SALES. CONDITIONAL SALES CONTRACTS. TAXICABS. PERSONAL PROPERTY LAW.

Plaintiff seeks to recover under section 80-e, Personal Property Law, 25% of the amount paid on the purchase price on one hundred taxicabs as liquidated damages, because of the failure of the defendant to comply with Sec. 79, Personal Property Law, after retaking the taxicabs, in that the taxicabs were not resold within thirty days after the alleged repossession; they were not stored for ten days after the alleged repossession, and they were not sold at public auction. The plaintiff corporation was organized in the year 1922, to conduct a taxicab business in New York City. Between January, 1923, and June, 1923, the plaintiff purchased from the Checker Cab Manufacturing Corporation one hundred Checker taxicabs. Each taxicab was purchased under

a separate conditional sales contract, the terms of which were identical. The sale of the taxicabs was financed by the defendant finance company. The plaintiff defaulted in its instalments. Two employees of Checker Cab Manufacturing Corporation were secured by the plaintiff to manage and operate the taxicabs. Messrs. Charak and Sommerfeld who had been receiving salaries of \$150. per week objected. They obtained forty of the cabs for their own use. These cabs represented their interest in the plaintiff corporation. Each paid the sum of \$2,000. toward the obligations due on the cabs. Thereafter the remaining sixty cabs were removed to Larney's garage and Larney operated them and out of the proceeds of the operation made small payments to the defendant. Then formal agreements were drawn, by the terms of which the purchase of forty cabs by Sommerfeld and sixty cabs by Larney was formally effected. Later, the defendant, after giving a notice of sale, held what purported to be an auction sale. It sold the cabs on that day in an attempted compliance with the statute requiring the sale within thirty days after repossession. The sale was conducted from the office of the defendant corporation. Held, that although there is no doubt that the course outlined was followed in an effort to make a success of the business, and secure an amount sufficient to pay for the cabs, nevertheless, in so doing there was a complete failure to comply with the provisions of the Conditional Sales Law. The taxicabs were never stored as required by Sec. 79, Personal Property Law, and were not sold at public auction within 30 days after the date of repossession as required by that Section. The facts clearly indicate that there was neither a compliance with the law nor a waiver of such compliance. Judgment upon directed verdict for defendant, reversed and a new trial ordered. *U. S. Taxi Corp. vs. Mogul Finance Corp.* N. Y. App. Div. 1st Dept. Decided April 24, 1931.

BREACH OF CONTRACT. VENDOR'S REMEDIES. DAMAGES. (CALIF.).

In this action to recover money due for the purchase of personal property, where the property was not delivered, but the contract plaintiff was to recover the entire purchase price, regardless of the fact that the property might not be delivered, and it appeared that at the time of defendant's breach there was an active market for the property involved and that the goods might have been sold upon the market with no loss to plaintiff, held that the provision of the contract relating to the payment of the purchase price was but an attempt to fix damages in the event of a breach, and it

therefore came within the inhibitions of section 1670 of the Civil Code, and it appearing that plaintiff had suffered no actual damages, it was not entitled to recover. Further, the remedies of the vendor of personal property are clearly defined in section 3311 of the Civil Code, and they do not include the right to resell the goods at an advanced price, and to retain the purchase money paid on the contract, either as liquidated damages, or on any other ground. Judgment for defendant-respondent affirmed. *Mente & Co., Inc. vs. Fresno Compress & Warehouse Co.* Calif. Dist. Ct. of Appeals. 4th App. Dist. Decided April 9, 1931.

WASHINGTON NOTES

Total Retail Sales in U. S.

Each retail store in the United States is dividing with 1,549,167 other stores approximately \$50,000,000,000 of retail business annually, according to the summary of the Census of Retail Distribution released a few days ago by the Census Bureau. For the first time in the history of any country we now know, in these figures, the total retail trade of the United States and of each individual state, together with the number of stores through which this trade moves and the sales per capita for each state. In addition to the \$50,000,000,000 of trade passing through retail stores, \$3,000,000,000 is reported by manufacturers and other producers as direct sales to consumers making a grand total of \$53,000,000,000, nearly two-thirds of the unofficially estimated total annual income of the country from all sources, and five times the value of the average annual farm crop.

The average retail store, supplies an average of 79.4 persons purchasing \$407.52 each during the year for a total of \$32,297 average annual business. Thus the average sales per family (of three to five persons) amount to from \$1,250 to \$2,000 annually.

The purchases through retail stores vary widely from state to state from a minimum of \$172 per capita in South Carolina to a maximum of \$575 in California and New York. These figures are based on a field canvass during 1930 of every city, town and rural area in the United States and reflect the retail business of the year 1929.

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Others have let their bills go, damaging their credit standing and handicapping their creditors.

Still other hundreds of thousands of families have turned to their charge accounts, good for cash loans from reputable finance companies, and have borrowed the money to keep all of their other charge accounts free from past due indebtedness.

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Without bankable securities, without endorsers or embarrassing investigations, these offices loan from \$50 to \$300 on the signatures of husband and wife. Up to 20 months is allowed for repayment in small installments. On amounts above \$100 nearly a third less is charged than the rate allowed by law.

As added protection to its customer's other charge accounts, Household helps families establish themselves on a firmer financial standing by offering proper budgeting and expending advice.



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There are few merchants, landlords, or professional men who do not benefit, directly, from family finance companies. For such organizations supply the money to pay hundreds of thousands of delinquent accounts, and also to make many needed new purchases. This advertisement is



part of an aggressive campaign now appearing in newspapers of four and three-quarter million circulation. Interested citizens are invited to write, for more information about the personal finance business, to Department C5, Household Finance Corporation, Palmolive Bldg., Chicago, Ill.

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